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July *NATION'S* 1948

JUL 9 1948

BUSINESS

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UNIV. OF MICH

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GENERAL LIBRARY
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Before choosing any printing paper...

Look at Levelcoat*

Look at Levelcoat... for brightness

Eye it. See how the use of specially selected clays gives sparkling surface brilliance to Levelcoat* printing paper. Print with it! Picture type and illustration in the brightest looking book you've ever produced — on a background of Levelcoat luster.

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PRINTING PAPERS



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Nation's Business



PUBLISHED BY

CHAMBER OF COMMERCE OF THE UNITED STATES

VOL. 36

JULY, 1948

No. 7

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Fish Bite for Executives, too



New Hampshire

"Where there's a Plus in every pay envelope"

Relaxation means as much to the boss as to anyone else! New Hampshire's world-famous recreational areas offer both employers and employees unlimited opportunities for healthful pleasure during hours of leisure. This "plus" of good living, so conducive to high plant efficiency, is appreciated in the front office, too. Those who live well... work well!

The ideal nature of New Hampshire as a home for small and medium sized industry is further emphasized by low power rates, fine transportation to important markets and an excellent highway system kept in top condition the year round.



VALUABLE to you will be the informative booklet, "A Plant in New Hampshire." Address: Merrill J. Teulon, Industrial Director, 306 State Office Building, Concord, N. H.



NEW HAMPSHIRE

Where there's a Plus in every pay envelope

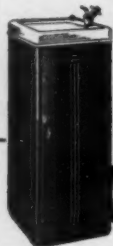
If more convenient, you may address: New Hampshire Information Bureau, 10 Rockefeller Plaza, New York 20, N. Y.

WATER: Clear and Cooler

To make that prediction come true, you need the right electric water cooler. An engineer would know exactly what to look for—he would employ research.

Not everyone has research and testing facilities—but you can get the story of dependable, low-cost water cooling from "COLD FACTS ON COOL WATER."

This informative folder describes the 5-year factory-user replacement warranty with exclusive CORDLEY features on hermetic models... pressure and bottle type water coolers made by CORDLEY, who have specialized in quality drinking water equipment since 1889... sold and serviced by authorized distributors and dealers in the United States, Canada, and 38 other countries.



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Journal of Commerce

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H-7

About Our AUTHORS

WHEN OLIVER LA FARGE was graduated from Harvard in 1924 he had intended to make a career in anthropology. As an undergraduate he had accompanied two archeological expeditions to the Navajo country as a digger and mapmaker. In 1924 he returned as expedition leader. Out of these visits grew his deep love for the Southwest, his interest in the Navajos, and his determination to become a professional writer. When time permitted he worked toward his new goal. The publication of "Laughing Boy" in 1929, its financial success and eventual Pulitzer Prize determined the further course of his career. Anthropology became a side line. Yet, his interest in Indians and the Southwest has continued strong. Just recently La Farge was re-elected as president of the Association on American Indian Affairs.

AS a flight instructor in World War I, **BLAINE STUBBLEFIELD** taught a lot of boys to fly and, in the process, walked away from two Jenny crashes. After turning in his goggles he homesteaded, punched cattle, drove trucks on the highway construction job that for the first time connected northern and southern Idaho. Later he studied



HARRIS & EWING

journalism at the universities of Idaho and Washington, with the idea of becoming an aviation writer. His first job in the aviation industry was as publicity manager for Boeing Air Transport. During the past dozen years he's been an aviation writer and editor for McGraw-Hill Publishing Co., in Washington, D. C. In his spare time, Stubblefield goes in for guitar-and-ballad singing.

IN JUNE a new name appeared on the masthead (page 5). It's that of **NORMAN KUHNE** who has just been signed on as an assistant editor. Kuhne became interested in journalism as a student at the University of Michigan where he worked as a part-time reporter. When his financial foundation became too shaky for comfort, he left Ann Arbor and set up shop in

Washington as a newspaper and magazine correspondent. He also served out his undergraduate term at George Washington University and started work on his M. A. Greetings from the President arrived to nip his graduate study and he wound up holding down the position of managing editor of *Leatherneck*. Later he served as one of its overseas editors. Following his discharge from the Marine Corps and before coming to *NATION'S BUSINESS*, Kuhne was on the staff of *Armed Force*.

THOUGH MILTON A. SMITH is now assistant general counsel of the Chamber of Commerce of the United States and assistant manager of the Chamber's Trade Association Department, there was a time when he seemed headed for a union career. That was when, as a young law student in the District of Columbia, he worked at the printing trade to help finance his education. Because of his legal training he was often called on to lend his talents to union committees and, before long, had established quite a reputation as a coming barrister. However, on admittance to the bar, he joined the National Lumber Manufacturers Association as assistant counsel, and has been connected with trade association work ever since.



CHASE-STATLER

A WRITER'S severest critic is supposed to be his wife. In the case of **NORMAN LOBSENZ**, however, the formula doesn't fit—his wife, **AMELIA**, is his collaborator. In fact, the Lobsenzes have been writing as a team ever since they left the newspaper field almost five years ago. And they've done well. Today, they are regarded as one of America's up and coming writing duos and have been marketing articles under their joint by-line with increasing success. Though they are both easterners, they have been on the West Coast for the past year gathering material for writing.

THIS month's cover is another by **CHARLES DE FEO**, New York illustrator.

YOUR DOORWAY TO NEW-DAY MANAGEMENT



AMERICAN AIRLINES AIRCONOMY PLAN

American's Airconomy Plan is based on an entirely new concept for the application of air transportation to the complete business operation. By coordinating air shipping, air travel and air mail, it provides an integrated program for widening your profit margin, reducing your

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Day-in, day-out use of American's Airfreight service offers many unique advantages to shipper and consignee alike. It's the key to faster, more efficient and more economical distribution—with new profits made possible by the inherent speed of air transportation.

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Regular use of air transportation by traveling personnel not only brings about large savings in valuable man-hours, but also increases the efficiency and productiveness of salesmen, representatives and executives. The radius of personal contacts is extended.

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Sending bills and all correspondence by air mail speeds paper work and increases the rate of capital turnover. You receive orders days sooner . . . your product is delivered earlier . . . billings are made sooner . . . and payments come in faster.

YOU CAN'T AFFORD AN EARTHBOUND BUSINESS!

Check what American's Airconomy Plan can do for you:

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| <input type="checkbox"/> Quickens turnover—with smaller inventories | <input type="checkbox"/> Permits productive personnel to cover more ground |
| <input type="checkbox"/> Averts disastrous mark-downs—reduces seasonal risks | <input type="checkbox"/> Increases personal contacts |
| <input type="checkbox"/> Makes re-orders easy—keeps field stocks fresh | <input type="checkbox"/> Saves precious man-hours |
| <input type="checkbox"/> Helps open new markets, expand old ones | <input type="checkbox"/> Shortens order-to-delivery-to-payment period |
| <input type="checkbox"/> Cuts warehouse costs—reduces losses in transit | <input type="checkbox"/> Gets field instructions out faster |
| <input type="checkbox"/> Speeds up distribution, frees more capital | <input type="checkbox"/> Streamlines end-of-month bookkeeping |

AMERICAN AIRLINES

NATION'S BUSINESS for July, 1948

AIR MAIL THIS REQUEST TODAY

American Airlines, Inc., Department B,
100 East 42nd Street, New York 17, N.Y.

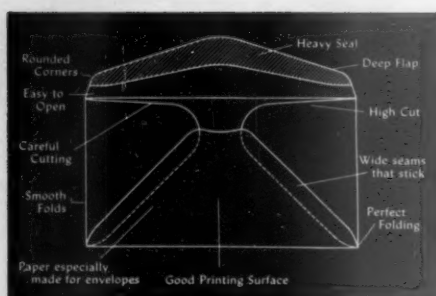
GENTLEMEN: We are interested in your AIRCONOMY PLAN and the possibility of cutting costs and raising profits. We would like to talk with your sales engineers and find out how your plan applies to our business.

NAME OF FIRM _____

NAME OF INDIVIDUAL _____

ADDRESS _____

TYPE OF BUSINESS _____



What to look for
in a perfect
envelope . . .

P.S.-this is U.S.E.'s
guaranteed standard

UNITED STATES ENVELOPE CO.

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LOCATED FROM COAST TO COAST

See your Printer or Paper Merchant

4 REASONS IT PAYS TO X-RAY!

1. Increased Efficiency
2. Reduced Absenteeism
3. Better Employee Morale
4. Improved Employee Relations



Send for **FREE** Powers Booklet

Find out how Powers can x-ray your employees—quickly, inexpensively, without disturbing plant routine. Write for the Powers booklet "Health Protection Through X-Ray."

**POWERS X-RAY
PRODUCTS, Inc.**

Glen Cove, L. I., N. Y.

Group Radiography

The Fourth

THERE has been no notice of committees forming and no rash of news releases to indicate that this Fourth of July will be one of the biggest ever—but we have a feeling that something of the kind is in store.

The reason for this notion is merely that our people are thinking a bit stronger about what we represent in a torn and troubled world.

May Day came along and New York saw a loyalty parade surpassing by many thousands those who chanted "Solidarity Forever"—which in several countries abroad could mean that the chains are certainly solid. One report of these parades said that the earnest Reds, after passing once in review, would jump on the subway to ride to the rear and march down again in order to lend impressive numbers to their demonstration, thus borrowing a trick from the old "opry" house shows.

This rumor didn't have to be so. The point is that Americans are beginning to know what they have—and love it without any stage devices.

Prospects

AROUND this time a year ago signs of business readjustment disappeared under the combined influence of the Marshall plan, the quick coal-wage settlement and a short corn crop.

Boom forces became dominant again, and the economic observers who were looking for a recession once more saw their forecasts postponed.

Last February the slump in commodity markets led many to believe that the long-predicted readjustment was at hand because we were running out of rabbits to pull from the economic hat. European relief, rearmament and

tax reduction, however, have propped the boom nicely so far and the third round of wage increases stayed generally within reasonable limits.

Most business observers now consider that the year is safe for continued high volume as an overall result. Competition will grow and some lines, especially marginal producers, will find the going much tougher. Big business will not share with little business the way it did when shortages prevailed and goods were allotted to customers.

At this writing the generally accepted result of the November election generates business optimism—and to spare.

Association enterprise

EIGHTEEN years ago Mrs. Margaret Hayden Rorke founded anonymously the trade association award under the sponsorship of the American Trade Association Executives. Mrs. Rorke runs the Textile Color Card Association of the United States, which has done notable work in color promotion and standardization.

Since 1930, when the first award for outstanding achievement went to the Automobile Manufacturers Association under the skilled direction of Alfred Reeves, some 12 contests have been held. This year's winner in the "large national" class was the Trailer Coach Manufacturers Association, which has contributed a way of living to some 750,000 citizens. The association's crusade for adequate trailer parks has led to the investment of \$8,000,000 in 18,000 new parks and parking lots. The industry is only 12 years old and this year 60,000 units will be produced.

In the "small national" class, the Bicycle Institute of America took the blue ribbon for reviving an industry in which production had dropped as low as 250,000 annually,

NB Notebook

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and boosting it to ten times that figure.

When Mrs. Rorke founded the association award, she must have decided how much better this kind of work was for the country's welfare than business group activity done behind closed doors and confined to fixing prices, "arranging" legislation and devising means for scuttling labor. The awards go to those who best promote an expanding economy.

Clerical factories

THE line between white collars and overalls will not be quite as sharp as it has been in the past. Mechanization is the reason. In some modern factories the worker could wear a white collar and keep it unsullied throughout his working day. In the office overalls properly might be donned because more and more machines are doing the work which was once a manual task.

Technology, in short, has moved into the business office to do the same thing there that it has accomplished in the manufacturing plants. The new Systems and Procedures Association of America, headed by Frank Hoffman of the Standard Oil Co. (New Jersey), promises that a great deal of clerical tedium will be eliminated as machinery takes over. A shorter work week, higher pay and greater personal recognition are predicted.

Downward spiral

LARGE retailers have been pleased to see sales volume in dollars keep ahead of last year but they were disturbed until recently about shrinking unit volume. Higher prices jump dollar volume on a smaller number of transactions.

The report of the Controllers' Congress of the National Retail Dry Goods Association for 1947, issued recently, showed that dollar sales for the typical store ran four per cent higher than in 1946 but unit transactions were four per cent lower. This survey covered 323 stores with aggregate sales of \$3,673,358,000.

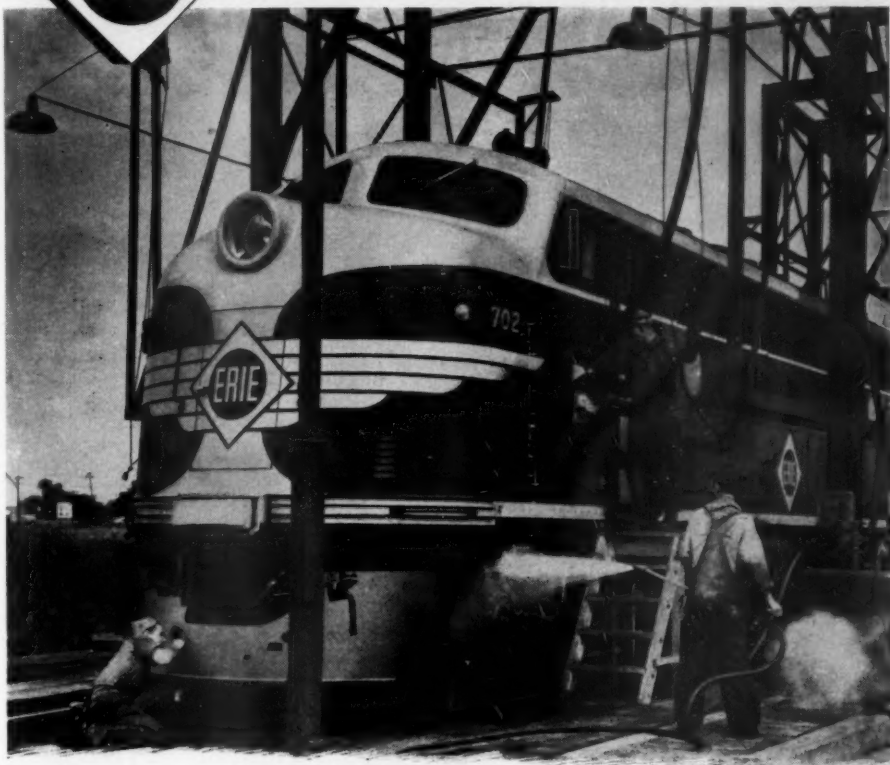
The trouble in shrinking volume is that, when fewer goods are sold, fewer people are eventually required to make them and that starts a downward spiral.

Figures

TO MANY of us who only know how to work with simple figures, the tempest blowing in accountancy circles about depreciation charges and whether company statements



...Mark of **PROGRESS** in Railroading



Service station with 130 attendants

● It takes a crew of 130 men to completely service big Diesel Locomotives at one of Erie's maintenance points. At fueling station or repair pits, they work as a team to groom the iron horse for its next run.

Ruggedly built for heavy work, yet Erie Diesels are serviced more regularly and thoroughly than the finest automobile. Each time they arrive at their maintenance terminal, they are washed, refueled and lubricated, then given a complete mechanical inspection.

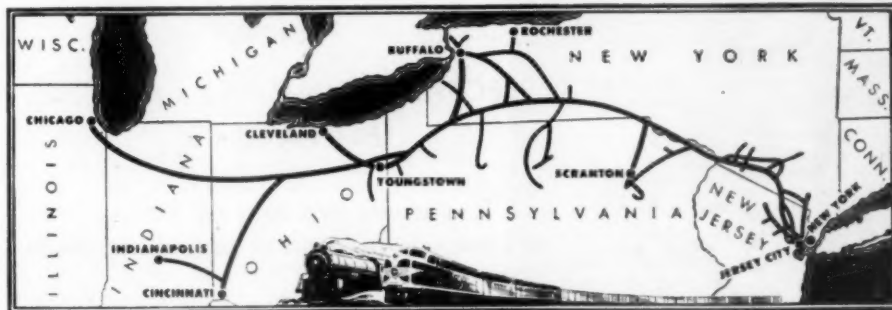
The new facilities and modern

methods of maintenance are typical examples of *progress in railroading*.

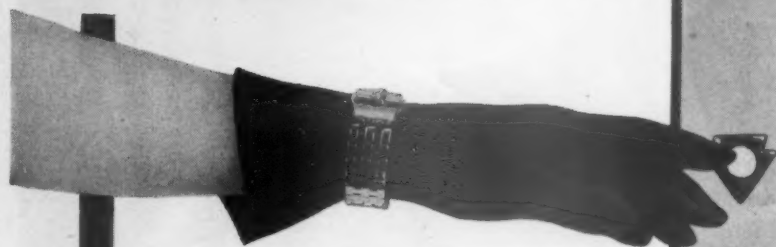
The Erie's continuing program of research is devoted to such progress—to find even better ways of providing safe, dependable transportation for both passengers and freight.

Erie Railroad

Serving the Heart of Industrial America



FIRST AGAIN with the world's FIRST ELECTRONIC Signal Control Elevators



The world's first Electronic Signal Control Elevators are now in operation in New York's first postwar skyscraper, the Universal Pictures Building at 445 Park Avenue.

Otis engineers, who were working on electronics before World War II, have applied the magic of modern electronics to improve Signal Control operation. As a result, you can now summon an elevator by simply *touching* a plastic arrow in the landing fixture.

Otis Electronic 'touch buttons' are attractively modern. They blend admirably with modern interiors. And their electronic 'touch' operation dramatizes the advanced design of the installation.

Otis Electronic Signal Control is applicable to all elevators. But for the immediate present, it will be confined to large buildings where elevators travel at speeds of 500 feet per minute or more.

Otis Elevator Company. Offices in all principal cities.



The instant your finger contacts an Otis electronic 'touch button' a directional arrow lights up. Its light shows that your call has been registered. As the elevator approaches your floor the overhead lantern also lights up and stays lighted until your call is answered. . . . It's all controlled electronically.



ELECTRONIC SIGNAL CONTROL ELEVATORS

AS ALWAYS, OTIS LEADS THE WAY . . .
THIS TIME WITH THE MAGIC OF MODERN ELECTRONICS



are telling the truth, jumps into higher mathematics.

There is a sidelight to the discussion, however, calculated to interest most citizens. It is offered by Thomas M. Hill, assistant professor of accounting at Massachusetts Institute of Technology, in a paper printed by the National Association of Cost Accountants. He writes:

"To the extent that the reporting of exaggerated dollar earnings during the inflationary stage and of understated dollar earnings during the deflationary stage, breeds overoptimism and overpessimism respectively, consistent reporting of real earnings might be of considerable value in helping industry to avoid the undesirable consequences of extreme cyclical variations."

What Hill and some other leaders in the profession suggest is a two-way company statement. One would use the accepted method and the other would make adjustment for price changes.

Inbreeding

A BIG company has just announced that all executive positions henceforth will be filled from within the organization.

This policy, while not unusual, gets a fine round of applause from the ranks and most likely means heightened loyalty and morale.

Allied Stores Corporation believes in the same principle and cites both the inspiration to the personnel and the fact that long periods are not consumed in teaching policies and procedures to outsiders.

However, when there are no qualified candidates for the position within the organization, talent is sought elsewhere and for another good reason.

"Such additions of experienced executives from outside the company ranks," the annual report explains, "afford a measure of protection against an 'inbreeding' of ideas that might eventually prove harmful."

"Wet" water

FINELY screened coal dust is sprinkled in a glass of water. It floats and no amount of stirring will make it sink and mix. When the water is touched with a drop of a patented chemical, however, the surface tension breaks and the fine coal particles scatter through the fluid.

That is "wet" water which is now being applied for dust control in numerous foundries and mines

and is being tested out for a score of other industrial uses. For refractory purposes, it may bring a big cost saving in reducing the firing time.

"Wet" water is a natural for fire fighting, and the Government is said to be interested in its possibilities for use in forest protection. Undergrowth may be soaked on top and fire still lurk beneath. "Wet" water speeds the moisture to where it is required.

Industrial design

INDUSTRIAL design as a profession is fairly new. It had its big jump in the years from 1935 to 1937, according to a joint study made by the American Management Association and the Society of Industrial Designers.

Since this was about the time the supermarkets in the food field began to expand rapidly, there is doubtless a connection.

It can be argued, certainly, that when the packaged product must exert appeal without the honeyed words of a good sales clerk, the design cannot be left to chance. For that matter, the new automobile must also get passing marks in a glamour test.

Both staff and consultant designers are employed in trade and industry.

Consumer companies use more of both, 54 per cent against 27 per cent for the industrial concerns, according to the results of the association survey.

Business expectancy

LIFE expectancy governs insurance and business life expectancy some time may become an essential in credit-rating.

The new census figures will shed more light on the subject but in 1939 the average lifetime of all retail stores was 12 years. About one half of the 1,770,355 stores had been in business nine or more years and one-quarter for at least 17 years.

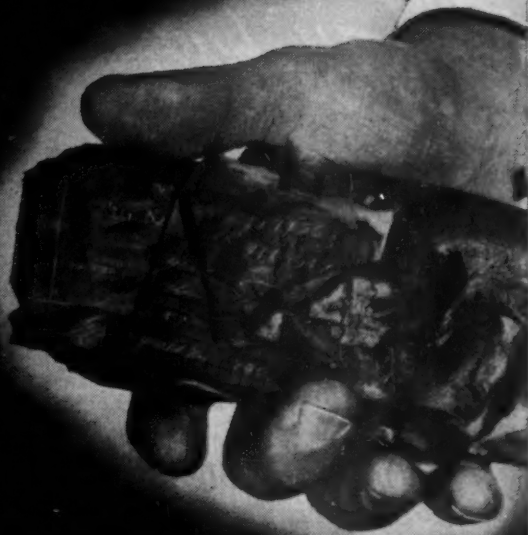
General stores with food apparently have the greatest longevity. The average was 21 years. Liquor stores had the shortest life, if a merrier one, with four years.

Atomic accidents

WHAT could easily be the most dangerous job in the world—working in an atomic power plant—has a remarkable safety record. William E. Hollis, safety engineer at the Los Alamos Scientific Laboratory in New Mexico, told an in-

YOUR Business Future?

A little pile
of ashes,
a few charred
papers—all
that remains
of a bright
future.



These were the records a company *must* have to do business.

4 out of 10 firms never reopen after losing their records in fire.

You *must* protect your records—and ordinary files won't save them in a real fire. Only a *modern* safe offers dependable protection—and unless your safe carries the label of the independent Underwriters' Laboratories, Inc., you simply cannot rely on it!

The Mosler "A" label safe—tested for at least 4-hour fire protection—is the finest protection your records can have. Yet these safes actually cost far less than you'd expect.

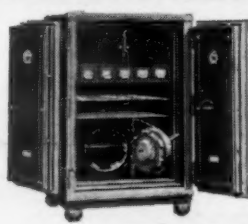
Don't wait until fire strikes—write today for the address of your local Mosler dealer and the free booklet "What You Should Know About Safes." Please address Dep't 37.

The Mosler Safe Co.

Established 1848



All the conveniences of a file with the protection of a safe in Mosler insulated Record Containers.



Mosler "A" Label Safe with burglary resistive chest for dual protection against fire and burglary.

Main Office: 320 Fifth Avenue
New York 1, N. Y.

Dealers in principal cities
Factories: Hamilton, O.

Largest Builders of Safes
and Vaults in the World



Builders of the U. S. Gold Storage
Vault Doors at Fort Knox, Ky.



**Perhaps the highest price a business pays
...is the price it pays for lack of it!**

IF YOUR BUSINESS is held back by a shortage of operating cash, it will pay you to investigate our liberal, low-cost Commercial Financing Plan. From coast to coast, manufacturers and wholesalers who realized more operating cash would lead to sounder operations have used more than a billion dollars in the last 5 years under our plan.

An Oregon lumber company writes:
"... your service advantageous."

A Maryland manufacturer: "... your organization made substantial contributions to our success."

An Illinois chemical company: "... cost

reasonable and insignificant compared to profits we were enabled to make."

A California steel company: "... your aid of immeasurable benefit to our ultimate success in 1947."

Find out how little money costs ... how much more you can get ... how long you can use it. Read how our plan relieves you of worry about renewals, calls and periodic clean-up of loans. Complete details are in our book, "A Better Way to Finance Your Business." For a copy, just write or phone the nearest Commercial Credit Corporation office listed below.

COMMERCIAL FINANCING DIVISIONS:
BALTIMORE 2, NEW YORK 17, CHICAGO 6, LOS ANGELES 14,
SAN FRANCISCO 6, PORTLAND 5, ORE... and other offices in more than
300 cities of the United States and Canada.



insurance conference that accidents were reduced from eight to four per 1,000,000 man-hours.

The Manhattan Project, he explained, did this noteworthy job of loss prevention by using the simple, scientific method of control. He added that this meant top management understanding, a safety staff organization, instructed personnel, plant layout and, finally, measurement of losses.

"We cannot afford accidents," Hollis stated, "when we realize that a safe plant is 11 times more likely to be productive than an unsafe plant."

Story of a sign

THIS summer the new service station sign of Standard Oil Co. (Indiana) tests out the study that went into its planning.

The first sign was erected a year ago and stations throughout the Middle West are now getting them as fast as scarce materials permit.

For the torch symbol in red, white and blue, more than 400 shapes were considered before an oval design was chosen as best for all-weather visibility and quick identification.

The torch was picked from scores of suggestions. The size came under rigorous tests and the designers studied scale models on a miniature stage with varied background scenery.

The story of this sign began back in the early fall of 1943 when the studies were undertaken, which points up the fact that oil company research leaves few possibilities unexplored.



"Marge, where's the towel?"

MANAGEMENT'S Washington LETTER

► **PREDOMINANT CHARACTERISTIC** of business outlook for last half of '48: Strength.

Corporate profits—and dividends—are heading toward a new high.

Government expenditures will rise, may reach peacetime high of fiscal '47.

There are dips, but no low figures in prospect for major farm crops—

Support level was just two cents under price wheat brought last month.

Cotton can drop only about 15 per cent. Support price would hold it at three times its prewar level.

Corn is in similar position.

Major contracts already let and housing units already started assure maximum effort in construction.

Automobile, steel output are sold out.

Department store inventories and outstanding orders for goods—in relation to sales volume—are healthiest since 1946.

Which means this: If sales continue at present rate, stores will place substantial re-orders in last half, adding to business volume.

U.S. imports are rising rapidly, indicate annual rate \$1,500,000,000 higher than last year—adding dollars to buying power abroad.

Stock market's new signs of strength may invite new stock issues, adding to industrial expansion.

Note: It would take reversal of many trends to start a downward turn.

► **MANY NEW PLANTS**, new tools, have been provided from profits in the nearly three years since war's end.

Profit-absorbing during acquisition, these new facilities become profit-producing as they go into use.

Thus many companies that have been putting profits back into their plants will find they can distribute more of them to shareholders this year.

Take General Motors, not as a singular case, but as an example.

In recent years GM has distributed about 47 per cent of earnings to shareholders. Normally it distributes 80 to 85 per cent.

Board Chairman Alfred P. Sloan, Jr., says he sees no reason why former dividend rate couldn't be approximated if full year of production is achieved.

Last year GM paid \$3. "Approximating" to old distribution would take another \$2 per share.

Which would be an increase of \$87,-995,506 to GM's shareholders.

And there are many other manufacturing firms considering the same change.

► **AMERICA'S GREATEST** shortage is in manpower—not easily expanded from its

present level. That's something to keep in mind when you hear demands to expand production.

Factories may be built in comparatively short time—but they're not much good without trained, experienced people.

Tightest shortage is in managerial, supervisory classes. In these, experience is even more important.

► **STABILIZING PRICES** should be lowering your business costs.

Year ago BLS index of wholesale prices (it reflects about 900 commodities) was 150.

Last month it was 164. That's rise of not quite 10 per cent.

High so far this year, 165; low, 160.8. That's range of less than 3 per cent.

Which means processors, distributors no longer need to price high in order to cover cost fluctuations.

It means they may buy to cover needs, instead of to cover future—which offers savings in inventory handling, financing.

It also tends to reduce further bidding up of prices through belief they may rise.

Present BLS wholesale index compares with 78.6 in 1940 and 105.8 in 1945.

► **CRACKS APPEAR** in two log jams that long have impeded construction, helped hold costs unnecessarily high.

These are:

1. Changing attitude of building trades unions toward accepting apprentices.

2. Accelerating movement toward modernizing, standardizing local building codes.

Most building trades unions for years have stuck closely to depression-bred policy of strictly limiting apprentices, safeguarding jobs, guaranteeing overtime.

Bids for journeymen's services have risen in relation to their scarcity.

Average age of craftsmen has risen at unusual rate because of low flow of incoming young men.

Last census—taken in 1940—shows age of carpenters at 45.9; masons, 43.9, plasterers, 42.4.

Sustained building demand has brought reversal of union policy, cooperation

MANAGEMENT'S Washington LETTER

with contractors in establishing recruiting programs, apprentice schools.

The other crack—elimination of outmoded building codes—probably will more quickly be reflected in lowering costs.

Many old codes prohibit new materials, new methods by specifying materials and methods in existence when they were written.

By requiring thicknesses, supports, stresses no longer considered necessary or even desirable, some add as much as 25 per cent to home building cost.

Uniformity in new codes enables suppliers to standardize, cut costs.

Among cities with new codes are Atlanta, Boston, Cambridge, Dallas, Los Angeles, Miami, New Orleans, Philadelphia, Pittsburgh, Seattle, Toledo, Wheeling.

For information on how to modernize code in your city write to Construction and Civic Development Department, Chamber of Commerce of the U.S., Washington 6, D.C.

► NOW'S THE TIME to fill your coal bin—or your oil tank.

Fuel supply will be tighter this winter than last, probably be higher in price.

There's plenty of heating fuel at its point of origin.

But not enough equipment to produce it in relation to present demand, nor enough transport to distribute it.

Acute shortages will be few, scattered, of short duration—caused by transport tieups.

Here's present outlook on major fuels:

Coal—Despite interruptions, production rate indicates adequate supply.

But price will rise. Long or severe cold puts a load on the rails.

Gas—There's plenty of it at the well heads. Its long haul transport problem is simple: Add pressure in the pipes and they carry more.

But local distribution systems already are strained, may not be able to handle peak load conditions.

Oil—Expert opinion varies. Probably be tighter than last winter.

Transport is main problem.

► THERE'S RISING volume of talk about Government stepping in to increase electrical power supply.

Generally it skips past this all-important point:

Nation's capacity for building big generators is sold out—for years.

There's no power system that doesn't require a generator.

So to expand in power business Government would have to wait in line for generators—or take them away from others who already have ordered.

Either way, it wouldn't add to overall power supply for several years.

Probable power shortage this winter will bring further rise in government power talk.

► IF YOU OPERATE a small business, it might pay you to check with tax counsel on your business form.

Under last year's federal income tax law corporate form generally was most tax saving for family owned business.

But split income provision of new tax law wipes out tax advantage of corporate form in many cases.

Before changing form, here are two points to keep in mind:

1. Next year probably will bring higher tax rates for corporations, individuals, or both.

2. Better form depends not only on your business, but also on your other interests, plans for the future.

Corporate form may be better for one, not for another similar business.

Single man might operate more profitably as corporation, while married man might save by operating as a proprietor or husband-wife partnership.

Don't decide which is better for you until you have put entire situation before competent tax counsel.

► SAME SUGGESTION applies to rewriting your will.

Split property provision of new tax law in effect doubles tax exempt portion of your estate—if it is left to your spouse.

The larger the estate, the larger the savings in inheritance taxes.

Under last year's law federal inheritance taxes on a \$1,000,000 estate were about \$270,000. Under new law they may be cut to less than half that.

So it's time to go over your will with your tax counsel.

► JUST HOW MUCH have farmers saved during their bonanza years?

No one knows.

Bureau of Agricultural Economics is at work on figures, will come up in two months with new total of farmers' liquid assets.

It will be close to \$23,000,000,000.

MANAGEMENT'S Washington LETTER

Compares with \$20,471,000,000 on Jan. 1, 1947.

But that tells only part of the story.

Liquid assets (in BAE figures) represent only these three things: Bank deposits, currency on hand, U.S. savings bonds.

Not included is known investment of \$1,600,000,000 in farmers' cooperatives.

And not compiled is farmers' investment in mortgages and loans (which they like), security other than government.

► **YOUR COMPETITORS** may be able to save money for you—on freight charges.

Rising freight costs increase importance of this expense factor.

If the traffic department in your business has just grown like Topsy—as it has in many—might pay you well to examine whole subject carefully.

Perhaps other carriers, nearer suppliers could cut your transport bill.

If you receive and ship in less than carload lots, see if you can consolidate shipments into carloads—or if you can get together with competitors drawing from same suppliers.

Compare possible savings on larger shipments with cost of warehousing. It might pay to buy more, less frequently.

► **UTILITY RATES** are going up.

Here's their case:

Utilities need \$6,000,000,000 for expansion, planned and in progress.

They'll have to show good earnings to attract capital.

SEC tells them to get equity capital, not issue bonds, or they will get in same position as rails—which have too heavy bonded debt to attract more money.

Postwar inflation in costs so far has been covered by higher sales volume, except in rare instances.

Rates won't rise quickly. But you can expect them to go up as arguments are completed before federal and state rate commissions.

► **MILITARY WANTS LITTLE** or nothing to do with big airships.

That's why move in Congress to revive U.S. dirigible industry was watered down to plan to "study commercial possibilities."

Military services base their position on one point: Big lighter-than-air craft make the most nearly perfect target possible.

Without armed forces' support there's slight chance for revival move to go beyond study stage.

► **PRICE TAG** on your new suit finds its base on the sheep's back.

Which means the price of your suit is going up.

Continuing strong demand for long staple wool—from which fine worsteds are made—has resulted in shortage, record high prices.

But there's a good chance you'll get back extra cost of the suit in savings on shirts, pajamas, other cotton goods.

Cotton pipelines are full. If you haven't yet seen summer cotton sales, you will.

► **SHARP DIP** in orders from Europe, South America, is blamed by many exporters on ECA.

"They've just quit buying," complains one exporter of aircraft, parts.

"They're waiting for our Government to send them dollars and they won't let go of those they have."

► **BRIEFS:** Army-Navy announced unification of air transport services June 1. So now new Naval transport planes are delivered to the "Fleet Logistics Support Wing"....When State Department sends man abroad for two years it pays for shipping his car. But Treasury Department doesn't....After a particularly heavy season of picking up the checks, publicity men assigned to Washington by business firms plan organization of PAPA: Press Agents Protective Association....Loss rate of British European Airways (government owned) is \$1,000,000 a year. Now it's taking bids from private operators....Ninety per cent of the 15,800,000 rural dwellings in the U.S. are reached by electric power lines. But of these, 1,300,000 aren't using them. Expanding television means fewer radio listeners, movie goers....World natural rubber production next year is estimated at 1,547,000 tons, about 160,000 tons more than expected consumption....State-owned stores in 16 states made net profit of \$147,000,000 on liquor last year....Department store credit men report slower payments on their "substantial families" charge accounts....Glenn L. Martin Company distributes 20-page slick paper brochures which tell plant story in colors—to attract badly needed engineers.

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30% with



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In hundreds of the country's leading banks, this remarkable National Multiple-Purpose Accounting Machine cuts figure-costs and speeds accounting production. But banks are not the only concerns to profit by the *mechanization* of their accounting. Businesses of every type are reporting savings

of up to 30% after *mechanizing* their accounting with Nationals. Savings which often paid for the whole National installation in the first year. No wonder so many businesses are turning to National! Have your local National representative show you what *you* can gain by *mechanizing* your accounting.



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NATIO

TRENDS



OF NATION'S BUSINESS

The State of the Nation

THE nominee of one major party has finally been selected, and the standard bearer of the other is about to be chosen. The "tumult and the shouting," far from dying, is now just getting into its quadrennial crescendo. What is it all about? What is the big idea behind the personalities which give so much color and flavor to American political activities?

Two men are entering a competition to decide which one of them shall be given a four-year lease on the White House. The competition will be decided, under a complicated electoral system, by all the citizens of all the states who are sufficiently interested to express their preference at the polls. The successful candidate will have great power, and all his public utterances will receive attention, both at home and abroad, merely because he is President of the United States. But there will be times when that will seem an empty honor; a poor reward for the work and worry which this high office involves.

Nevertheless, competition for the presidency becomes more keen as the burdens pile higher upon the incumbent. That has been clearly demonstrated this year. There were half a dozen primary campaigns in which the contest was as grueling as a normal senatorial election. These were preliminary to the G.O.P. convention, the intensity of which needs no emphasis here. And the recent drama at Philadelphia was in turn only a curtain-raiser for the campaign now about to get underway—with four feverish months to run.

Moreover, it is not merely the candidates and

the professional politicians who are concerned. Politics during a presidential year is, indeed, both a business and a recreation of the American people as a whole. This single issue of the White House tenancy is commanding more attention than any other subject, at a time when rival occurrences lack neither interest nor importance. If there is a single attribute of any of the candidates which is overlooked, in print or in discussion, it is certainly not for lack of effort to lay bare the truth.

Of course there is a lot of nonsense, and a good deal of chicanery, mixed in with this intense political concentration. But fundamentally it is an honest and inspiring spectacle. The American people are demonstrating that they take the rights, the privileges and the duties of citizenship seriously.

• • •

This year the American electoral contest is the more significant because the next President is destined to be a world figure. Many who have held the office have achieved that distinction. But it will be thrust upon the next incumbent, upon the very day of his inauguration.

Critical domestic problems will be his daily portion. That has always been the case. Now, however, the difficulties of the entire world are piled on the White House doorstep. There is no indication that these difficulties will lessen as 1948 draws to its close. On the contrary, problems not even envisaged four years ago are now super-



Dilemma on Wheels

Modestly, we admit it: a road map would give much more help to this perplexed motorist than our Comptometer Payroll Plan. It functions only in the office — but how amazingly it functions there!

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imposed upon the perennials which have been left unsolved.

Foremost among these unanticipated issues is that of our relations with Soviet Russia. As almost everyone now appreciates, the tension between that Government and our own is not a matter which can be adjusted by diplomatic means. Two philosophies of life are in conflict and probably that conflict will be resolved—one way or another—during the next presidential term. One is forced to that conclusion simply because the tension, between Moscow and Washington, is too great to continue at present strain. It must relax or, alternatively, there will be a break. That last word is easy to write and say. But no mind can visualize the horror which lies beneath it.

So the character of the next President will, inevitably, be measured against that of the man who holds supreme executive power in Soviet Russia. And that, again, makes our own long process of selection a significant matter. For the dictator in the Kremlin endures no such ordeal.

In dealings between Russian dictator and American President it would certainly seem, at first glance, as though the cards were stacked in favor of the former.

The chairman of the Council of Ministers of the U.S.S.R., as Stalin now calls himself, submitted to no public scrutiny in gaining that position, and submits to no public criticism in holding it. There was another candidate for Stalin's job—in the person of Leon Trotsky. But he was first exiled and then murdered by Stalin's agents. In darker moments some presidential candidates may have wished they could similarly dispose of rivals. But to translate such wishes into deeds is not the American way.

The Russian dictator's possession of power, once acquired, is absolute. There is no opposition party. There is no constitutional limitation on his will; no independent judiciary to overrule him; no right of petition against his decrees; no tolerance of any criticism of his slightest action. Within the Soviet Union and its satellite states the only limitation on Stalin's authority is that of his own mortality. He has tried to get around that by creating a Cabinet of eight handpicked deputy chairmen of his Council of Ministers. One of these—only Stalin knows which—is already tentatively selected as his successor. That is the communist formula of "democratic choice."

So if it were nothing more admirable than the unbridled exercise of power which appeals to men, the Kremlin would be a far greater prize than is the White House. And yet we may be sure that neither of the major party candidates in our coming election would swap with Stalin.

In that interesting psychological fact, if we

care to look deep enough, is buried the ultimate reason both of American strength and of Russian weakness. Dictatorship is not and never has been either admired or desired by Americans as a people. Dictatorship has always been at the heart of the Russian tradition. That is no new observation. It has always been noted by every student of Russian history. Almost a century has passed since July 1, 1856, when the Swiss scholar Amiel wrote in his famous journal:

"What terrible rulers the Russians would be if ever they should spread the right of their rule over the countries of the south! They would bring us a polar despotism—tyranny such as the world has never known, silent as darkness, rigid as ice, insensible as bronze, decked with an outer amiability and glittering with the cold brilliancy of snow—a slavery without compensation or relief."

As an individual, the average American is certainly not the superior of the average Russian. The Russian cannot be called inferior in physical courage; nor less intelligent; nor less creative in any field of human endeavor which can be named.

The difference traces to the single yet transcendent fact that for generations Americans have trained themselves to work cooperatively together, while Russians have been trained to work as unquestioning slaves of rulers imposed upon them. Those are the characteristics which account for the "polar despotism" on the one hand, and on the other for that democracy of the polls now animating the life of a free people.

The simplicity of an earlier era has vanished, as a result of the world problems which now crowd in upon us. Nothing is gained from bemoaning the passing of isolationism, for it will not be recovered. There is more profit in emphasizing the revaluation, and the restored appreciation, of underlying assets, brought out by the challenge of the times. During this election period, for instance, it is not merely the candidates who are being measured against each other. Our system of government is also competing, against those which men have accepted, or have had imposed upon them, in other lands.

In judgment on rival candidates, Americans divide. But they unite in supporting the American way of choosing the officers of State. The very criticisms which candidates make of each other leaves less room for criticism of a system in which those who aspire to govern must first submit themselves to the severest sort of public scrutiny.



OF NATION'S BUSINESS

—FELIX MORLEY



This Man Can't Stop Dishonesty
BUT he can stop
dishonesty Losses!

WHY? Because he is a trained Insurance Agent who can build a bonding program to protect your company from having to make up heavy losses due to embezzlement or any form of employee dishonesty. The current high rate of such losses makes it more imperative than ever for you to bring your bonding program up-to-date. There is a USF&G agent in your community

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Your cash may be stolen



An employee may abscond

The Month's Business Highlights

BUSINESS enters the last half of 1948 with all flags flying. Activity promises to increase rather than diminish. European aid and the preparedness program are twin protections against a slump. Industry and trade never have been in such a strong position. Even the stock market, until recently referred to as the nation's only depressed industry, seems to have fallen in line.

The third round of wage increases has not gone as far as many had expected. The resulting inflationary effect has not been as great as was feared earlier in the year. Settlement of wage disputes on a cost-of-living basis, while indicating the weakened bargaining position of labor, carries with it the menace of a snowballing effect on inflation. It crystallizes the pattern—higher prices, more wages, increased costs. Such an arrangement falls heavily on unorganized labor, bondholders, pensioners and those with lagging salaries such as schoolteachers, professors and clergymen. If the plan were coupled to a positive policy for preventing inflation, more could be said for it.

Most prices probably will continue to increase during the last half of the year, but despite wage increases, the rise is expected to be much more moderate than in the last half of 1947. Agricultural prices are being relied on principally to pull down the average but crops are not the only item that has outrun postwar demand.

Better Production

Productivity will continue to increase because of the availability of more machinery and a better flow of materials. Labor turnover is less than one half of the war rate. An increasing number of converts to the use of incentives is reported. Top labor leaders are urging better performance.

Demand for steel will be greater in the last half of the year than during the first six months. New capacity, while small, is very important. Construction, the oil industry, ships, rolling stock will get more steel. Automobile manufacturers and a long list of miscellaneous users will get less. The steel industry wants to go ahead at full blast, making only essential repairs.

Let any major rehabilitation of facilities wait until a depression comes along, say the steel executives. Military authorities are apprehensive that an emergency might arise when steel-making facilities might be about worn out. Incidental-



OF NATION'S BUSINESS

ly, building this summer is getting a fillip from the fear that priorities on materials may be reimposed. Congress will not be under the same inhibitions with the election behind it.

While only mild restraints are being used, the Federal Reserve is considering more restrictions on credit. Higher

reserves on additional deposits are favored but thumbs are down on the Eccles proposal for a special reserve and for an increase in regular reserve requirements. The trend also is away from the Eccles policy of concentrating power in the board of governors. The new chairman subscribes to the idea that the vitality of the Federal Reserve comes from local roots. The hope is expressed in that connection, however, that sight will not be lost of the need for the board to be firmly led. Unless there is control within the board itself by the chairman, it is certain to degenerate into an irrelevant debating society where old prejudices and misconceptions are voiced at unbelievable length.

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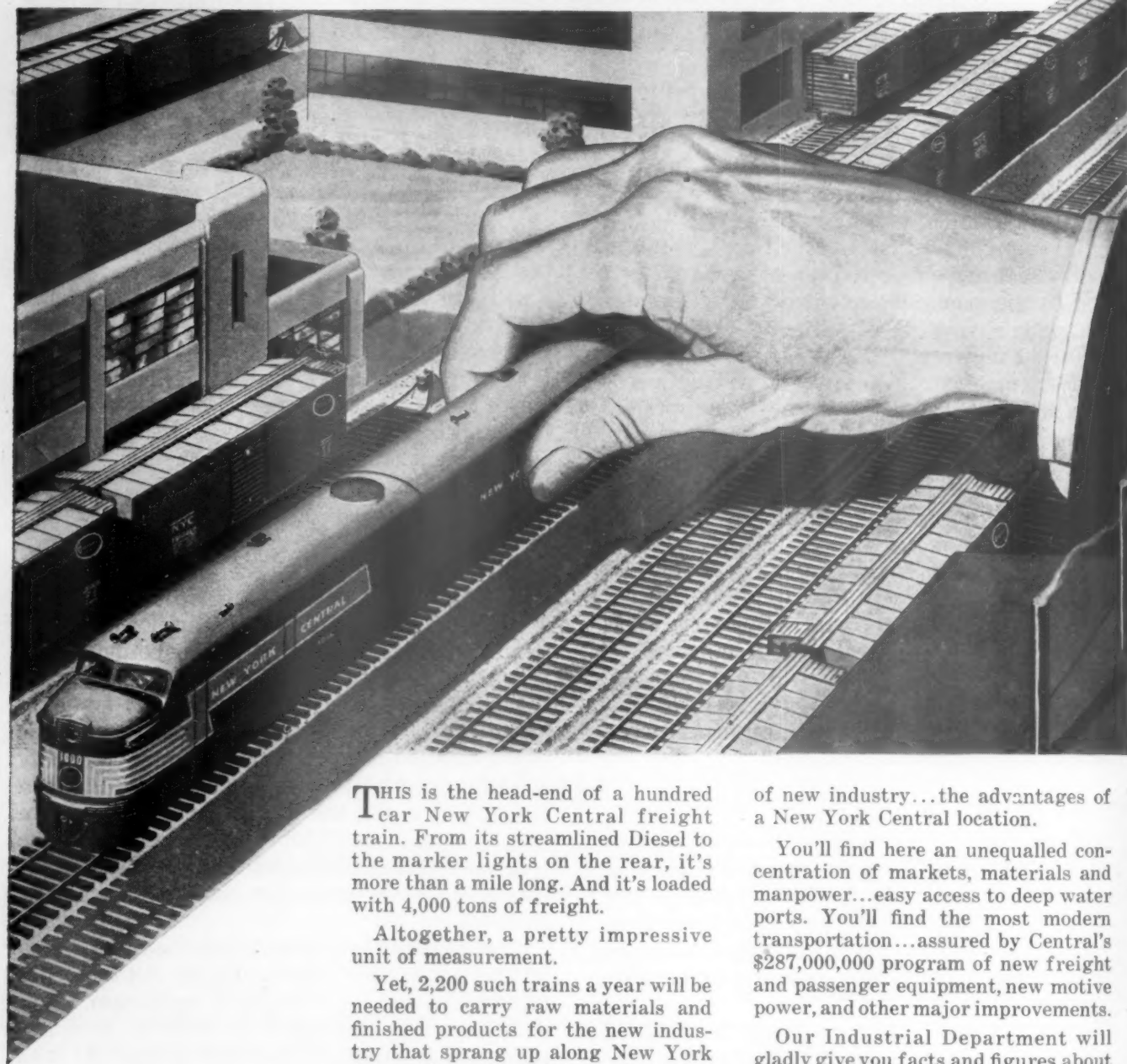
Uncertainties in the world situation continue to affect business because of lack of confidence in the future, but apprehension is diminishing since developments indicate that Russia is going to avoid war now at almost any cost. As business men appraise that situation for themselves, many are inclining to the belief that the real Russian objective is to win the world over to communism by propaganda and fifth column methods. There is an increasing realization that the way to fight Russia is to make capitalism and democracy more efficient.

Just as Hitler underestimated the military potentialities of the democracies, the Politburo has underestimated the strength of capitalism. Blunders have been mistaken for debility. Business realizes that failure to maintain prosperity is as dangerous to peace as is neglect of the military establishment. The Communists have lost the cold war. They want to avoid a shooting war. They know they do not have the industrial potential to win.

Difficulties with Great Britain, via Trans-Jordan, doubtless pleased the Russians. They take differences between this country and the United Kingdom too seriously. The British are too dependent upon us to risk a rift. They will be careful not to go far in affronting American public

New Business by the mile

Measuring the record movement
of new industrial volume to New York Central



THIS is the head-end of a hundred car New York Central freight train. From its streamlined Diesel to the marker lights on the rear, it's more than a mile long. And it's loaded with 4,000 tons of freight.

Altogether, a pretty impressive unit of measurement.

Yet, 2,200 such trains a year will be needed to carry raw materials and finished products for the new industry that sprang up along New York Central in 1947. And that's an all time record.

If you have a new factory or warehouse in mind, look into the advantages that attracted this vast volume

of new industry...the advantages of a New York Central location.

You'll find here an unequalled concentration of markets, materials and manpower...easy access to deep water ports. You'll find the most modern transportation...assured by Central's \$287,000,000 program of new freight and passenger equipment, new motive power, and other major improvements.

Our Industrial Department will gladly give you facts and figures about these important *competitive* advantages. They'll help you find a "Central" location to fit your needs. Just contact your local freight agent...or our nearest Industrial Representative.

NEW YORK CENTRAL

The Smooth Water Level Route



opinion. They face enormous difficulties of an economic character and need the wholehearted cooperation of the American people.

Progress is being made by the Economic Cooperation Administration but it is painfully slow. The agency has been efficiently organized. Obstacles, both those that were foreseen and those that were not, are taxing the ability of the staff. ECA officials are particularly pleased with the way local monetary matters are being handled in European countries. Much credit is given Belgium for having set a good example. The economies in the cooperating countries are suffering from war devastation inflicted over a period of six years. If they can be restored in four years it will be a remarkable accomplishment. Too much in the way of results should not be expected in the early months of the cooperative effort.

The situation which is facing this country, as one economist puts it, is "how can we afford to have all the things we cannot afford?" Certainly the country cannot afford to be without a powerful military establishment. It cannot afford to hold highway construction or school building programs in abeyance. Clothing, food, housing, all require heavy expenditures these days. There just is not the capacity to produce enough to supply all of these needs at once. Although the country is close to the limit of its plant capacity and material supply, production will continue to edge upward during the remainder of the year. This will be possible because of the increased rate of delivery of new machinery and some increase in available manpower. Women are coming back into the labor force.

Pronounced changes in consumer buying practices are reported from all parts of the country. A buyers' market has become a reality in some retail lines. There has been a shift from cash to credit buying, although consumers have been paying cash for automobiles, certain household appliances and hardware while they were buying other things on time. Much of the demand is for high-quality products. Urgent needs for soft lines seem to have been satisfied. The bulk of purchasing power has been diverted to durable goods but high prices have tempered even that demand.

Losses from bad debts are increasing. They have been particularly marked in the jewelry trade where credit has been featured in an effort to overcome lagging sales. Women's apparel stores continue to have hard sledding. Radical style changes kept many a dress dealer out of the wringer. Since the volume of goods reaching the retailer has been larger in 1948, there is little question that the dollar volume of sales will exceed those of the banner year 1947.

Members of the Council of Economic Advisers seem to have an urge to be heard. Their reports are good but they would have more effect were they submitted confidentially to the President for his guidance.

The President then could make public as his own such portion of the reports as might be desirable to support his position. The reports in themselves then would not be regarded as political documents.



In an effort to deal with several matters in small compass, here are some sage sayings of objective observers:

Investment and employment are at high levels. No break is anticipated for the near future.

The biggest problem of the retailer today is how to maintain an adequate stock of lower-priced merchandise to meet the demands of basement shoppers.

While most urgent consumer needs have been satisfied, that condition is not sufficiently general or severe to be decisive. At most it is only an indication of broad changes which may come eventually.

Shifting of looms to heavier constructions—drills, twills, chambrays and denims—means a relatively better showing in cotton consumption for the rest of the year than in spindle-hours at cotton mills.

Economic security can help assure political security. The more people who hold the public debt the greater will be their influence in the financial management of the country. If we can prevent the fluctuations that have characterized our system in the past, we can greatly strengthen the economic and political system which we have and want to retain.

Farmers are increasing their share of personal deposits in banks. This has been done in spite of a leveling off of cash income, increased operating expenses and outlays for capital equipment.

Export demand for refined petroleum products will have to be reduced further if mounting domestic requirements are met.

Fuel prices compared with 1939: Coal up 75 per cent; oil up 100 per cent; gas down three per cent; electricity down eight per cent.

Inflation cannot be controlled by imposing lending restraints on the one hand while encouraging loan expansion on the other.

It is in the field of housing that government credit agencies have exerted the most serious inflationary influence. The greatest element of inflation in GI loans is in unrealistic appraisals.

—PAUL WOOTON



Prompt attention
builds a lot of good will

The *Policy Back of the Policy*—Our way of doing business
that makes *your* interests our first consideration

BOBBY'S always learning something in his workshop. Now he's found out how much satisfaction there can be in the way accidents are handled.

Bobby's father—a good businessman—gave careful thought to accidents among his employees. Seeking the best protection for his people, he investigated Hardware Mutuals workmen's compensation and liability insurance. He found ample evidence of employe good will fostered by prompt, fair claim settlements; of fast, friendly, nationwide service provided for all risks, large or small, by a company known for financial strength and sound management—licensed in every state; of Safety Engineering Service capably designed to fit individual businesses.

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Washington Scenes

BIG money will be spent in this 1948 campaign.

How much probably never will be known, but it is likely to be a record-breaking sum, for these reasons: The cost of waging a political campaign, like everything else, has gone up; three parties are out after contributions, and there is a lot of money in the land.

Reformers to the contrary, if the money spent arouses greater interest in national affairs, and if it brings out a heavy vote in November, it will be a good investment.

"It takes a lot of money to win a political election in this country—cold, hard cash and lots of it," says Sen. Styles Bridges of New Hampshire. "Now, this is not necessarily an indictment of our political system. It is merely a simple observation based upon what we all know it costs to present the issues to the people."

"Radio networks don't give free time to political candidates. Advertisements in newspapers cost money. Watchers at the polls must be reimbursed at least for their time away from their jobs. . . . There is nothing inherently offensive or crooked in the expenditure of large sums for these purposes."

• • •

The worst of all civic scandals in the United States is the huge stay-at-home vote, which in a presidential year runs around 25,000,000. Less than 60 per cent of those qualified to vote ever get to the polls.

Heavy spending in itself might not cure that situation, but it could help. Looking over the record of elections, it is possible to cite cases where there was an undoubted relationship between the money outlay and the size of the vote.

The most notable case is, of course, the dramatic McKinley-Bryan campaign of 1896. That was an expensive campaign, indeed, as will be shown, but the truly wonderful thing about it was the stupendous turnout—80 per cent of those eligible to vote.

Mark Hanna, who retired from business at 58 to become America's most successful political boss, spent \$3,500,000 that year to put William McKinley in the White House. That, at least, was the audit figure; the actual outlay was said to be \$10,000,000 or \$15,000,000.

William Jennings Bryan, until a month or so before the election, looked like a certain winner. He traveled 18,000 miles and made hundreds of speeches, while the less magnetic McKinley con-

TRENDS



OF NATION'S BUSINESS

ducted a front-porch campaign at his home in Ohio. Something extraordinary had to be done or Bryan and his free-silver platform would triumph.

What was done has been told by William Starr Myers in his history of the Republican party:

"Hanna soon woke up to the task before him and rightly judged that a campaign of education was the only antidote. He had an unerring belief in the common sense of the American people, (and felt) that all they needed was to be informed and that they would see through the fallacies of Bryan. . . . But this required organization and money. Hanna went at the job of supplying both.

"Tons of literature (120,000,000 documents) were printed and distributed. Campaign buttons, banners, meetings, brass bands, all the theatrical paraphernalia were not forgotten.

"McKinley was advertised . . . as the advance agent of prosperity. The American people, so to speak, went to school and studied economics. . . . Hanna did not hesitate to 'assess' contributions from business, big and little, but he did it openly and upon the ground of necessity for its own safety, if not its actual existence."

The election resulted in an overwhelming Republican victory, with McKinley receiving 271 electoral votes and Bryan 176. Among those who quietly rejoiced was the distinguished Democrat in the White House, Grover Cleveland, a sound-money man who had been excoriated by Bryan as "a tool of Wall Street."

The sum spent by Hanna remained a record for nearly a quarter of a century. The 80 per cent turnout of voters has never been equalled.

Politics was rough in those days, and a man had to have a thick skin when he went into battle. Hanna's was not as thick as many people believed. One day, reading a New York newspaper, he saw a cartoon of himself. It depicted him as a monster, clad in a suit covered with dollar marks, smoking an immense cigar, and trampling underfoot women and children until their eyes protruded from their sockets. Showing it to a friend, Hanna remarked: "That hurts."

• • •

The story serves to point up a notable development in the field of campaign contributions. Back at the turn of the century, the spotlight was directed altogether on contributions to the Republican party by banks and corporations. Some of the contributors were pretty brazen. President



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Nation's Business

WASHINGTON, D. C.

*All figures based on net paid subscribers, Dec. '47 ABC.

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McKinley, for example, returned a check for \$10,000 to a Wall Street firm which had frankly demanded a *quid pro quo*. President Theodore Roosevelt turned down two contributions of \$100,000 each from corporations that were facing prosecution under the antitrust laws.

In the past 12 years, contributions of business have had to yield the spotlight to those in organized labor. Hanna probably never encountered a Wall Street contributor who talked as A. F. Whitney did a couple of years ago. Whitney, head of the Brotherhood of Railroad Trainmen, threatened to spend "millions" to defeat President Truman—and later recanted.

But the outstanding case of this kind, and the one that did most to dramatize labor's new financial power, came in 1936. John L. Lewis and his United Mine Workers put more than \$500,000 into Franklin D. Roosevelt's second-term campaign. Of this, \$120,000 was an outright gift; the balance was a loan and was repaid by the Democratic National Committee.

Lewis, who had been on close personal terms with Roosevelt and had gone on the stump for him in '36, looked to the White House for support when he later got into a battle with the steel industry. When FDR, at a press conference, barked out a Shakespearean quotation—"A plague on both your houses"—the honeymoon ended.

This year labor organizations are prepared to spend large sums to help their friends and punish their foes at the polls. One estimate has put the figure at \$12,000,000. How much of this will be spent on behalf of Mr. Truman remains to be seen.

The Democrats have always trailed the Republicans in raising money, even in years of victory. In 1940, for example, the total Republican expenditure was approximately \$21,000,000, whereas the total Democratic outlay was only about \$6,000,000. But this year the Democrats are really having a grievous time raising money. The reasons are chiefly two—1, the party's unfavorable prospects, and 2, anger in the South, where many contributors have refused to send in their checks because of the Truman civil rights program.

Still, it looks like all records will be broken for political spending. The Republicans, who don't hesitate to remind business men and others about the G.O.P. tax-reduction bill, probably will have a tremendous war chest. Henry Wallace and his cohorts also appear to be in good shape, money-wise. And anybody who thinks that Henry is getting by on the nickels and dimes of the "little people" ought to look at his list of angels.

Confusion in Foreign Affairs

High above the political battle, yet deeply concerned about it, is Secretary of State George C. Marshall. Perhaps no campaign in this country's peacetime history has been so important from

the standpoint of America's foreign relations, chiefly because of Henry Wallace. The danger is not that Wallace can influence American policy (which he certainly can't do), but that Moscow may think he can.

As was pointed out here last month, top policy-makers in Washington have never believed that Stalin had any conscious intention of provoking a war with the United States. What has worried them is the possibility of a "miscalculation."

Secretary Marshall felt that the confusion of oratory in the presidential campaign was likely to increase this hazard. There were indications that the Kremlin, which sometimes believes what it wants to believe, was mistaking the cheers for Henry Wallace as proof of a veritable revolt in the United States against the Truman doctrine and the Marshall plan. At the same time, there was some inflammatory war talk, suggestions that the United States ought to start dropping atomic bombs on Russia while the dropping was good.



Secretary Marshall thought it time to counteract both. He instructed Ambassador W. Bedell Smith to call on Foreign Minister V. M. Molotov and make these things clear: that this nation's foreign policy is supported by an "overwhelming majority" of the American people and that it would be a grave error for others to assume that domestic considerations, such as a presidential campaign, would in any way weaken the determination of the United States to support what it believes to be right.

Marshall also instructed Smith to tell Molotov, and to make it unmistakably clear, that the United States "has no hostile or aggressive designs whatever with respect to the Soviet Union."

All this Ambassador Smith did, and Secretary Marshall must have breathed easier when it was over. The propaganda uproar that followed, caused by Molotov's seizure upon one part of Smith's memorandum and his oblique hint at a "peace conference," left Marshall unperturbed. So did the blasts that came from Capitol Hill and elsewhere, accusing him and Mr. Truman of "slamming the door" on any possible Russian peace efforts.

What seems to lie ahead, barring a spectacular about-face by Russia, is a continuance of a situation that might be described as not war, not peace. To Wallace and some of his sincere but impatient followers this is intolerable. But as a visiting Englishman, Max Beloff, wrote in the *New York Times* recently, "Americans, as well as the British, must get used to living in a dangerous world."

—EDWARD T. FOLLIARD



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If War Comes Again

By JERRY KLUTTZ

The Law directs NSRB to do these SIX THINGS:



MOBILIZE the industrial and civilian strength to assure the most effective use of such power in time of national need

WORLD WAR III, if it comes, should not catch us again unprepared. A man will appear at the White House in a matter of minutes with a batch of directives and orders for the President to sign and issue. The same man or one of his colleagues will go to congressional leaders with drafts of emergency bills for Congress to approve.

Briefly, these orders and bills would put the nation on an all-out war basis. They would give the Government unlimited power over our private lives and the nation's economy. These are some of the things they would do:

Give the Government the power to put you, me, and the rest of the 140,000,000 Americans in war slots. We would be told what to do; where to do it, and how much we'd be paid for doing it. In other words, a draft of the entire population.

Draft the nation's industrial and raw material resources. Each factory and plant would be told

from Washington what it could produce and how much material it would receive for its assignment. The production of non-essential goods would be stopped overnight and those factories converted to war output.

Strikes would be outlawed; hours longer than the standard 40 hour week would be required of all, but perhaps without the time-and-a-half, double time, and other present-day incentives.

The profits would be taken out of war since we would have what would amount to a socialistic state ruled by the military. Our industrial capacity, the owners and operators would all be subject to rigid government controls.

Taxes would soar and compulsory savings probably would be ordered to put a brake on the inevitable inflation.

News and communications would be censored.

Food, clothing, fuel, transportation, and other every-day necessities would be rationed and their prices fixed.

Living standards would slump sharply. Those of us who had spacious homes would be ordered to share them with those whose homes had been bombed out.

We would have a federal bureaucracy larger

2



DRAFT plans to cover the use of natural and industrial resources to keep economic stability and for the shaping of such economy to conditions that exist

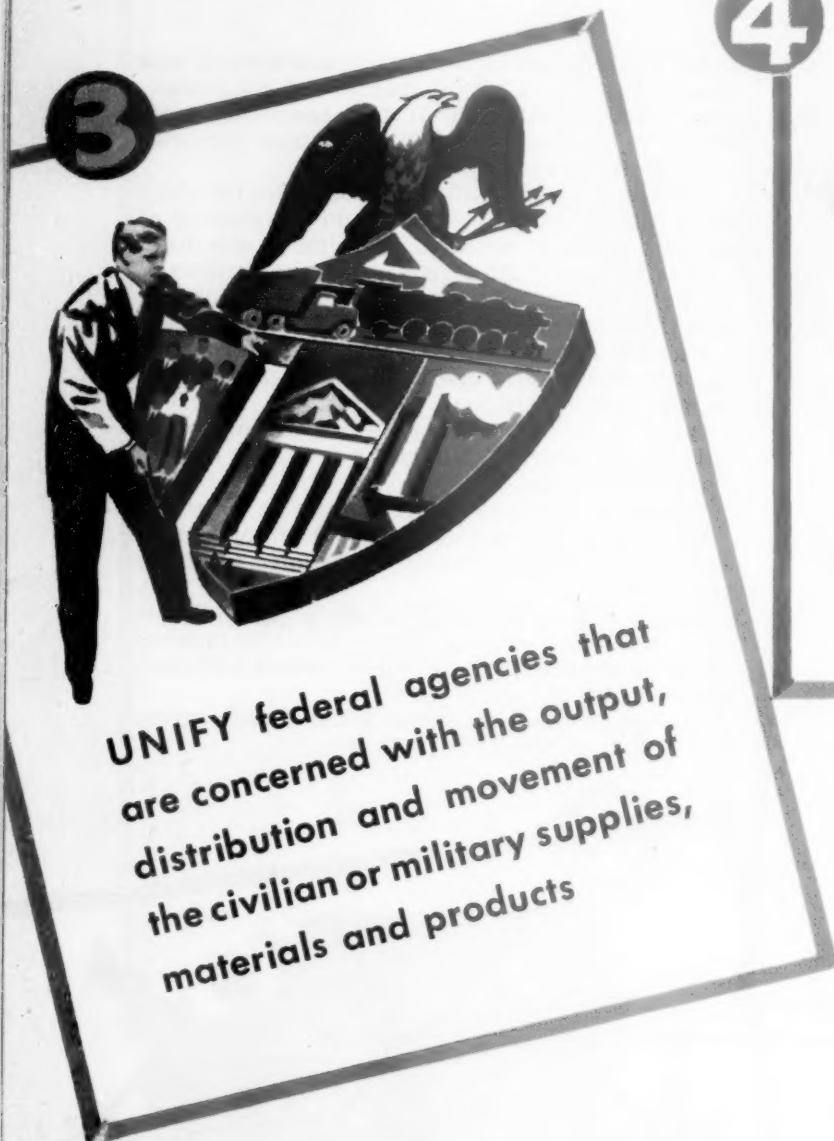


than anything ever dreamed of. Everyone would be working for the Government either directly or indirectly. Our homefront experience during World War II would be a sideshow in comparison.

Obviously this would mean suspension of liberties and the accepted way of life. But we must be realistic and prepare for that sacrifice.

That's where a new federal agency comes into the picture—the National Security Resources Board—or the NSRB, to use its alphabetic name.

The NSRB is the master war planner for the



UNIFY federal agencies that are concerned with the output, distribution and movement of the civilian or military supplies, materials and products

homefront. It has broad and sweeping powers to chart American economy in time of war—and it's speeding up its studies due to the deterioration of our relations with Russia.

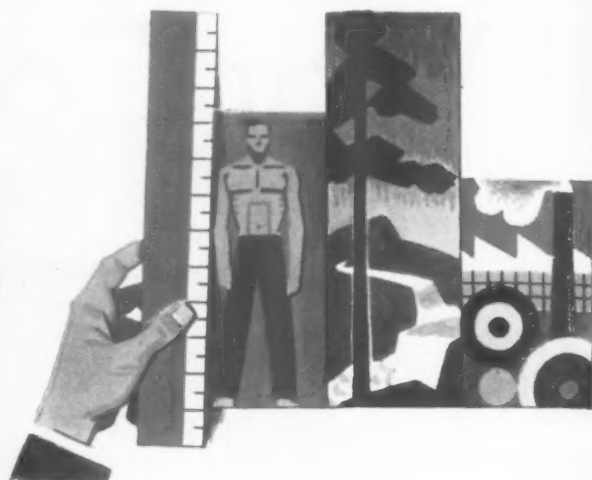
A quick look at the NSRB charter is an eye-opener. This is the first time in our history that we have tried to prepare in advance for a possible all-out war. The law that sets up NSRB directs it to do these things:

To advise the President on the coordination of military, industrial and civilian mobilization, including—

1. "Policies concerning industrial and civilian mobilization in order to assure the most effective mobilization and maximum utilization of the nation's manpower in the event of war;

2. "Programs for the effective use in time of war of the nation's natural and industrial resources for mili-

4



ESTABLISH relations between the potential supplies of, and possible requirements for, manpower, resources, and the productive facilities in the time of actual armed conflict

tary and civilian needs, for the maintenance and stabilization of the civilian economy in time of war, and for the adjustment of such economy to war needs and conditions;

3. "Policies for unifying in time of war the activities of federal agencies and departments engaged in or concerned with production, procurement, distribution, or transportation of military or civilian supplies, materials and products;

4. "The relationship between potential supplies of, and potential requirements for, manpower, resources and productive facilities in time of war.

5. "Policies for establishing adequate reserves of strategic and critical material, and for the conservation of these reserves;

6. "The strategic relocation of industries, services, government and economic activities, the continuous operation of which is essential to the nation's security."

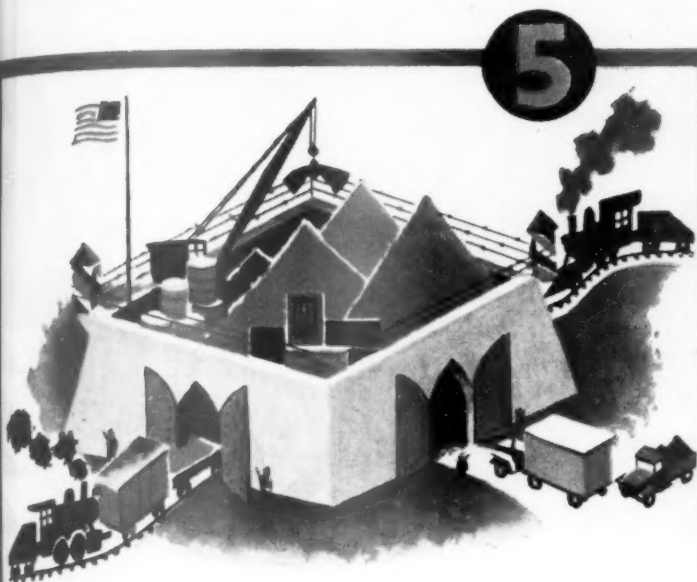
It's clear that no possible eventuality is too fantastic for the board to consider.

The NSRB has advisory powers only. But, because any President must depend on advice, the man called on for counsel and guidance in official Washington is a most important individual. Also, he must plan, study and look ahead in order to give sound advice. In a word, the NSRB is the President's "homefront war cabinet."

However, it's entirely possible that the NSRB

will have the job of administering the allocation of materials and other controls if they become necessary. Some elements within the board want to remake it into a peacetime War Production Board. But any change in its status would have to be approved by both Congress and the President.

Fresh in most minds is the experience of the last war and the many emergency agencies our Government created, such as the War Production Board, Office of



CREATE adequate reserves of all strategic and critical material, and conserve these reserves for use in event of any war-time contingency or crisis

Price Administration, War Manpower Commission, War Labor Board, Office of Censorship, Office of War Mobilization and others.

For a time, we had "unproductive confusion"; these war agencies "played by ear"; felt their way along, and made costly mistakes before we arrived at our goal of being the arsenal of democracy.

The purpose of the NSRB is to prevent time-wasting mistakes and the confusion of the last war; to draw blueprints for the war duties of the total of our nation's resources, natural and human, so the plans could be made effective if war came again.

Briefly, the NSRB in peacetime is all the World War II federal agencies rolled into one, but without their powers to regulate and control.

This new agency mounts in importance from this indisputable fact—that revolution has arrived in war-making—a revolution in the form of the split atom, man-made disease,

guided missiles, jet planes and the like. We in this country have not had to fight a foreign enemy on our soil. But, with the modern and "Buck Rogers" weapons, our cities and civilian population would not likely escape another time. On this premise our military leaders agree.

It follows then that planning for the twentieth century war must involve preparedness measures well in advance to lessen the blow of any new "Pearl Harbor" aimed at a concentration of civilian population and industrial activity—a principal target of a foe. The best set of blueprints and plans in the world would be useless unless steps to protect our security were taken before war actually broke out.

To put it another way, we wouldn't have several years in which to prepare for the next war; it would be here overnight. M-Day and D-Day would be one and same.

All of which is a forceful reason why the day-by-day work of the NSRB in peacetime has unusual significance. As a result of the revolution in war, the "baby" federal agency either has studied—or will—a multitude of problems.

One of these is the scattering of war-important industries and federal agencies to make us less

(Continued on page 72)



PROVIDE for the relocation of industries, services, federal and economic activities, the continuous operation of which is essential to the lasting security of the United States



Wampum Woes of

THE HOUSE and Senate subcommittees on Indian affairs completed joint hearings April 25 on a long-range program of rehabilitation for the Navajo Indians, proposed by the Department of the Interior. The program calls for an initial expenditure of \$90,000,000 over the next ten years and, if all goes well, will call in the end for \$60,000,000 more. The request in itself is spectacular. It derives from what has become the open and notorious fact that the Navajos, the largest (61,000), most primitive, and most colorful tribe in North America, are in an abysmal state of poverty, sickness, and ignorance.

How did all this come about?

Is there any justification for such expenditures, and if the Navajos are in a desperate condition, whose head should roll?

Somewhere in the fourteenth or fifteenth century a branch of the Apaches, today known as "Navajos," drifted into the Southwest. They were a small band of primitive wanderers. In the new country, among the semicivilized Pueblo Indians, they became farmers and took over many new arts. When the Spaniards first knew them, in the early 1600's, there were perhaps 1,500 of them. In the next 150 years they spread out into the empty country north and west of the Spanish and Pueblo settlements, toward the Grand Canyon. They acquired horses and learned to herd sheep and cattle.

No longer weak, they changed their culture a second time. Farming became minor; warfare, especially raiding, became the prime occupation.

WHEN it comes to education, our Indian wards are like penniless kids outside a candy store

The peaceful peoples were their herders, from whom they replenished their flocks whenever they needed to. Their skill and strength grew until, when the United States annexed the Southwest, they were a menace to the whole region. At the same time they stepped backward into a life of war, they advanced in their arts. They became metal workers of great skill, fine weavers, and elaborated an oral literature and a rich religion which have been the admiration of students ever since.

Immediately after the Civil War, the United States sent Col. Kit Carson to quiet them once and for all. He did so in a swift, fierce, ruthless campaign. The bulk of the tribe was moved to Fort Sumner in eastern New Mexico, to what we should call today an internment or perhaps a concentration camp. The Government offered to resettle them on fertile lands in Oklahoma, but the Navajos so deeply loved the wild beauty, the mountains, canyons, and mesas of their harsh, semidesert homeland that, in the end, they were returned to it and given a reservation embracing its heart.

Many Navajos died on "The Long Walk" to Fort

Sumner; many more died while they were held there. Of those who hid out and didn't surrender until the reservation was established, many died of privation, others were killed by surrounding tribes who took advantage of an opportunity to pay off old scores. Yet even so, at the time of their settlement on the reservation in 1868, they numbered somewhere between 8,000 and 10,000, who two centuries earlier had counted less than 2,000 souls. Our Indian policy then and until the late 1920's was founded on the assumption that all tribes were dying off. Therefore we failed entirely to take cognizance of this significant fact.

Peace with the Navajos was confirmed by the Treaty of 1868, which guaranteed them, among other things, assistance in adjusting to an agricultural life, medical service, and a schoolroom and teacher for every 30 children of school age. We may note now that the last promise has never been fulfilled. Sheep were given to the Indians, as were some tools and wagons. The tribe settled down.

Flocks increased rapidly, and so did the Navajos. No one knew just how many there were, but between then and the 1920's five major additions were made to the reservation, until it was about the same size as the state of West Virginia. These additions were possible because the land was so arid, rocky, generally poor, and inaccessible that no one much wanted it. In the early 1920's it was estimated that there were 20,000 Navajos, perhaps more. They kept



A pastoral economy no longer can support the Navajo tribe

the Navajos

By OLIVER LA FARGE

seeping outside the reservation to settle on empty land where they could. No one knew how many animals they were grazing on their range.

In 1924, in recognition of the Indians' magnificent volunteer record in the first World War, Congress extended full citizenship to all tribes. The Navajos, like most others, now were both wards and citizens of the United States. The meaning of this status, and the related matter of reservations, are so widely misunderstood and so vital that they must be explained.

A reservation is not, as so many believe, an enclosure within which Indians are confined. It is an area of land belonging to a tribe as a whole. Because the tribe's title derives from aboriginal occupancy, or from an exchange for lands so occupied, reservations are tax-exempt, as are funds deriving from them. Within the reservation, subject to the Constitution and federal laws governing certain major crimes, the tribes have the right to maintain what amount to municipal governments of their own and may, if they wish, retain many elements of their ancient law. Most commonly we find marriages and divorces governed by the old laws. A reservation is property, and Indians are no more required to live on their properties than are whites.

Reservations, then, are not areas of restraint upon Indians, but properties of especial value because they are tax-exempt, and zones within which the Indians possess special rights. They are an essential asset and resource. It is significant that



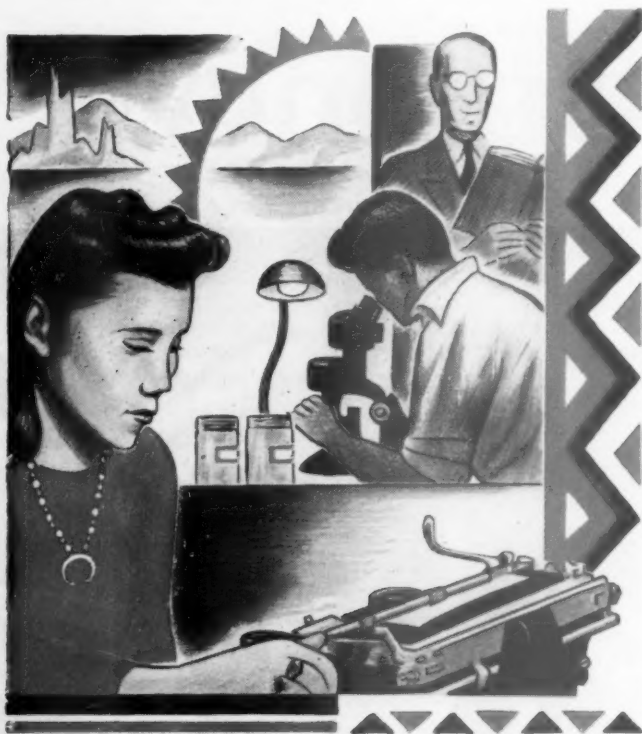
Public works projects gave the Indian a modicum of relief

the bills calculated to despoil Indians by "emancipating" them which are introduced yearly in Congress almost always lead off with some attack on the integrity of reservations.

The Indian is a ward of the United States. This does not mean any restraint upon his person, except for the law prohibiting sale of liquor to Indians, which works about as well as did our national prohibition. It means that the tribal property—the reservation, money from sales and leases of tribal land, timber, oil, etc.—is held in trust by the Government for the tribe. It may not be sold or alienated in any way without the guardian's consent, and the guardian is required by law to protect it from abuse, such as destructive cutting of timber or overgrazing. The Indian himself is free to go where he wills, engage in any business he desires, and spend the money earned by his own enterprise exactly as he pleases.

As a ward of the United States, the Indian also has a right to receive education, medical care, and a variety of other services from the federal Government. Wardship, like reservations, is an important asset, and in practice one of the problems faced by the Indian Bureau is persuading Indian groups which have advanced beyond the need for these special advantages to give them up.

The Indian is a citizen. He is liable to the draft—although in the last war many of them did not wait to be drafted. He has every right that any other citizen has—except in the states of New Mexico and Arizona. These two states have worked out some legal interpretations which prevent Indians from



Schooling is the first requisite for self-sufficiency

voting or from receiving social security. With the backing of the Indian Bureau and various private organizations, these provisions are now being fought in the courts and through the Federal Security Administration.

Thus the legal status, which to most Navajos in 1924 did not mean much. They lived scattered out over their infertile, vast domain and, except for

occasional dealings with the nearest trader, had little or nothing to do with white men. They were being let alone, which suited them, and they seemed to be getting along all right.

In reality, crucial things were happening. The first of these was negative.

Then, as now, less than half of the Navajo children received any schooling. A mere handful reached the point of being at ease in English, writing a passable letter, and being able to read a mail-order catalog and make out an order. This failure was the result of an interplay between the Navajos and the white Americans. We neglected to provide decent schools. We forced the children to accept Christianity. Through our Congress and the Indian Bureau, we overlooked the fact that Indian school children were going hungry, were overworked, miserable. All of these factors, plus native conservatism and satisfaction with their own way of life, led many Navajos to resist having their children sent to school. On top of that, no one knew just how many Navajo children there were, what with many of them living in places where no white man had penetrated.

Too many for their lands

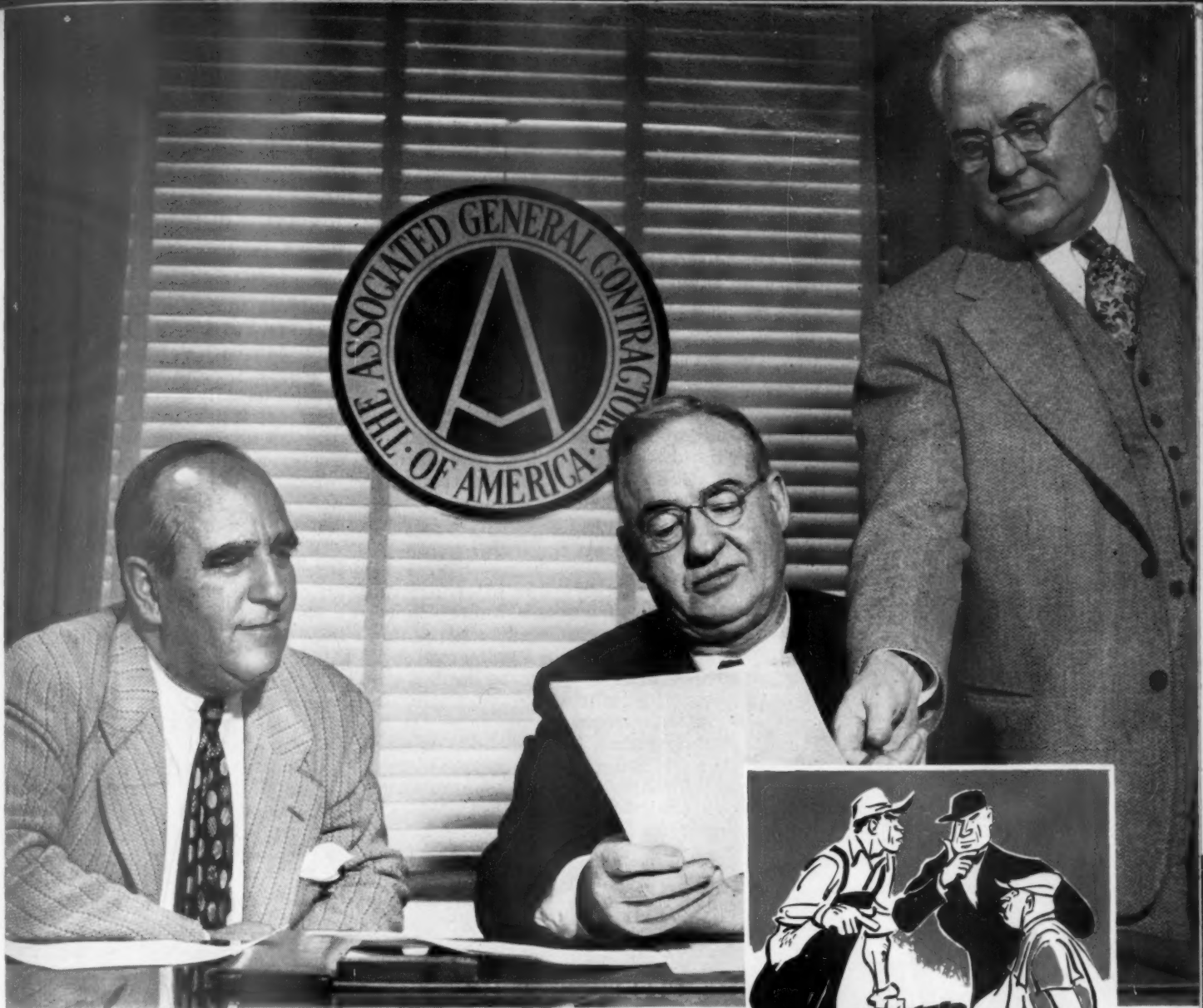
THE two other principal happenings were interrelated. The Navajos had increased more rapidly than ever under a rule of peace, and their success with their flocks also had been great. Given their primitive farming and bad herding methods, even in the 1920's there were more Navajos than the land could support without becoming depleted. Their economy depended perhaps 80 per cent on their sheep, and the sheep were rapidly destroying the very soil which enabled them to exist. The Navajos were already caught between the two horns of backwardness and ignorance on one hand, and insufficient land on which to live as primitive Indians on the other.

Just one figure may serve to dramatize what overgrazing has done to the Navajo country, and what this means to us as well as to them. Today, with overgrazing ended and some conservation measures in force, Navajo lands still contribute 30,000 acre-feet of silt a year to Lake Mead above Boulder Dam. This deposit, decreasing annually the dam's storage capacity, represents a loss to the nation of \$10,000,000 a year. In time, it could terminate the whole, vast irrigation and power system which depends on the dam. What Atsidi Tso does with his sheep along the Utah border should vitally interest the Los Angeles Chamber of Commerce.

The Indian Bureau took no account of the increasing erosion of the land, although it was plainly visible. Instead the service went on, as it had done since 1868, urging the Navajos to run larger flocks. As in education, the ignorance of the Indians and the neglect of the Government meshed neatly.

In the early 1930's the Navajos were shocked to learn that they must sell off a considerable portion of their flocks. At first they consented, but when it developed that they would have to get rid of 50 per cent of the animals on the reservation (including thousands of worthless horses), they rebelled. The stock-reduction program was carried through, but the Indians hated it. Their feelings were further inflamed by certain unscrupulous whites, who were more interested in making trouble for the Administration in office than in the Indians' survival. Ever since then there has been bad blood between the

(Continued on page 52)



Harry R. Cole, James D. Marshall and Paul M. Geary study their associations' plans to end jurisdictional strifes

They Pay Off In Better Bargaining

By MILTON A. SMITH

LUMBER MILLS in the Carolinas had been a particular target of the CIO's organizing drive "Operation Dixie" for some months. Carl Parks, a local mill owner was, therefore, not surprised when a CIO representative walked into his office with a demand for union recognition and a contract. He was prepared for the interview.

Parks' "quickie" education in the intricacies of labor relations is typical of the effective work of

the newly organized labor relations service of the Southern Pine Association. His ability to negotiate a contract satisfactory to both sides was due in large measure to information and advice provided by the association.

Sparked by H. C. Berckes, secretary-manager of S.P.A. for more than 25 years, this program was set up particularly to help the many employers in the industry who were somewhat unfamiliar with



collective bargaining procedures.

The S.P.A. program typifies a trend in trade association activities which is paying dividends in harmonious labor relations. The growth of such programs has been of special significance in "small business" industries.

Out in the central states not long ago, for example, Jack Dean, executive secretary of the Midwest Feed Manufacturers Association, met with some of his members to consider their labor problems.

"It seems to me," said Dean, "that the contract is the key to good labor relations. Neither side benefits in the long run from a lopsided agreement. The first step we

should undertake is to collect contracts from all the members, analyze them, and make them available to other members."

A few firms balked at first. They felt that their contracts were private information and did not want their competitors to see them. Yet each admitted that the program would be helpful only if all participated.

Finally the ice was broken and, once the program was put up to the whole membership, approval was enthusiastic.

Sometimes lessons in collective bargaining techniques are learned the hard way. The manager of an East Coast manufacturing concern was a neophyte at bargaining when he started negotiating wage rates with a long-experienced labor representative.

"You needn't hold up the ten cent hourly increase we are asking," said the union spokesman. "Your chief competitor over in the next town is going to grant a 12 cent raise."

Sometime later executives of the two companies learned that both had been bilked. As soon as the first firm signed up for a ten cent increase, the union representative hurried to the second—which had not yet opened negotiations—and used the contract to good advantage. The company men discussed this experience at the next meeting of their trade association, and the association staff promptly was assigned a new job.

By the time contracts were up for renewal the next year, every member of the association had at hand detailed, up-to-the-minute data on wage rates paid throughout the industry.

Information for management

MANAGEMENT has often arrived at the bargaining table poorly equipped in contrast with union representatives. Realization of this has been the force behind the establishment of many trade association programs in labor relations. Faced with skilled, experienced union negotiators armed with reams of statistics, employers naturally turn to their trade associations for the advice and infor-

mation needed to equalize the bargaining process.

Some industries still hesitate to set up labor relations programs in their trade associations, but their number is dwindling. A few weeks ago a speaker addressing a large gathering of association executives in Washington, D. C., on the subject of labor relations, said, "If you are not in this field now, you soon will be."

Where reluctance is found, the reason usually is fear that association activities in labor relations may be an opening wedge for industry-wide bargaining.

Experience shows, however, that helping the employer to help himself lessens the likelihood that he will get discouraged and want to turn the job of bargaining over to an employer organization.

Recently a member of the Folding Paper Box Association of America was studying a key demand of the union with which he was negotiating. The union wanted a change in grievance procedure, and had submitted a proposed clause for the new contract.

The suggested procedure looked like something new; it might work fine, and then again it might lead

The staff of the Southern Pine Association has helped members master the intricacies of labor relations and negotiate satisfactory contracts

RANDON PICTURE SERVICE





A. HAUG

Facts supplied by the Folding Paper Box Association have helped firms in conducting their negotiations with well-informed union representatives

to endless controversy; it was hard to visualize just how it would operate in practice.

"The last time I negotiated a contract," the manufacturer said, "I had only rumor or hearsay to guide me when I needed to know what procedures other companies had found practicable. This time I just looked over the contract clauses used by other companies which the association had sent me.

"No one of these clauses was like that proposed by the union. When I told their representative this, he quickly agreed to a procedure most other companies had adopted."

Giving members the facts they need to negotiate intelligently aids the job of bargaining at the plant level, as this instance points out. In fact, A. E. Murphy, executive director of the Folding Paper Box Association, emphasizes that this association does not enter into any negotiations with unions on behalf of its members.

"We feel that the interests of labor and management can best

be served by contracts written and signed by men familiar with the individual plant situation," said Murphy. "The union representatives have access to the contracts and wage schedules of numerous companies; employers need the same information if there is to be true collective bargaining."

Many associations active

EXPERIENCE of those trade associations which have been active in the field of employer-employee relations has helped develop certain basic services adaptable to many industries.

A study of typical activities published recently by the U. S. Chamber's Trade Association Department points out that opportunities are offered for all associations, large or small. The range of industries having association programs in the field includes radio equipment, plastics, printing, building materials, cottonseed products, optical wholesalers, and banking.



Nine out of ten of the associations having some employer-employee relations activity compile statistics on wages and hours. These data, of course, are of basic importance to all employers, whether or not their individual companies have become unionized.

One trade association executive commented recently:

"It is worth noting that, of all the species of statistics, those touching labor relations come closest to an employer's heart because it is easier for him to relate them to his daily problems than most other abstract data."

The employer who wants to compare wage rates in other plants with his own sometimes runs into difficulty because of variations in job titles. To overcome this prob-

(Continued on page 56)

Paper Brakes On Foreign Travel

By BLAINE STUBBLEFIELD

THE HUMAN RACE seems to be choking to death on paper. A community of ants can build a hill-city without scratch of pen. But when a man sells a hammer he writes it down in triplicate. A flock of geese can journey 2,000 miles without the tap of a typewriter. But the operator of one airplane flight from San Francisco to Australia must execute 5,604 pieces of paper.

The barrier to cross-border air travel is not mountains, rivers, enemies, or storms. It's paper. Filling out paper for air travel takes so much time and costs so much that multitudes are saying "the hell with it."

You can fly from New York to London in 16 hours, Chicago to Cairo in 35 hours, Los Angeles to Stockholm in 36 hours. That's what the travel folder says. What it doesn't say is that you'll wait days or even weeks for passport and visas before you can start.

That cancels out speed which is the main thing air transport has to sell. And it sets the world back to steamship size—or sail, if you're not lucky. The American flag overseas air line operators are losing business on a big scale. That doesn't mean they're flying light. It means they could put on bigger fleets and step up to big business if this situation were corrected.

But the air lines are not losing alone; the United States and the world are losing with them. Few people know it, but the biggest American "import" is foreign travel. Dollars spent abroad narrow the alarming preponderance of U. S. exports over imports—more than two to one. Foreigners need dollars to buy our goods.

Still worse, red-tape border barriers are obstructing world acquaintance—and peace. Strangers distrust each other. Distrust on a global scale can mean antagonism and war. Air speed gave the peoples

of the world an opportunity to get better acquainted with each other. Or did it?

There are health inspectors, customs inspectors, police certificates, landing cards, and God knows what, but the big ball of red tape that's tied the world in knots is the passport and its Siamese twin, the visa.

You will want to know who invented the passport-visa combination, but first look at what happens to Joe Blow when he tries to step out with the international set.

Mr. Blow lives in Dayton, Ohio, and he's taking his wife and daughter, or *vice versa*, on a flying vacation to France, Belgium, Italy, Spain, and Portugal.

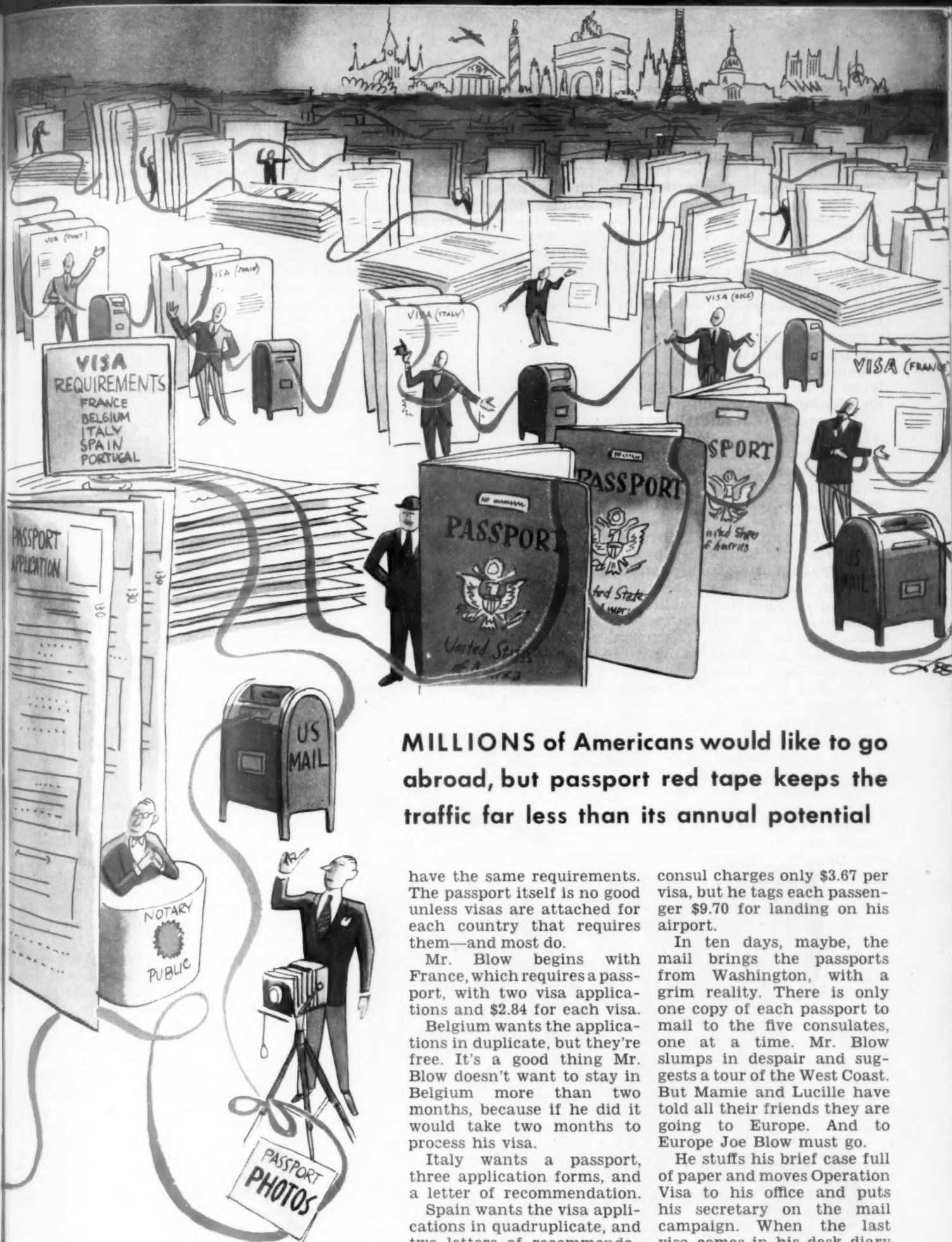
Aglow with visions of enchanted places, he goes to the Post Office and pays \$3 for three passport ap-

plication blanks. That was easy, but it's the last easy thing he'll do on this project. He spends the evening digging for dates, places, and other proof that his and his wife's parents were born. Next day he executes the passport applications before a federal court that is authorized to naturalize aliens, with a witness not of his family. Then the three Blows have their pictures taken. In the evening Mr. Blow mails the three passport applications, with \$9 for each, and begins to wait.

But not in peace, because he has to study the visa requirements of the five countries. A visa is a document, usually issued by the consulate in the United States, of the destination country. It says that the country is willing to receive the passport holder. No two countries



Getting a passport and the necessary visas is so complicated it may



MILLIONS of Americans would like to go abroad, but passport red tape keeps the traffic far less than its annual potential

have the same requirements. The passport itself is no good unless visas are attached for each country that requires them—and most do.

Mr. Blow begins with France, which requires a passport, with two visa applications and \$2.84 for each visa.

Belgium wants the applications in duplicate, but they're free. It's a good thing Mr. Blow doesn't want to stay in Belgium more than two months, because if he did it would take two months to process his visa.

Italy wants a passport, three application forms, and a letter of recommendation.

Spain wants the visa applications in quadruplicate, and two letters of recommendation, plus \$10 for each visa. If a cable is necessary, that will be \$8.

Portugal has a joker. Her

consul charges only \$3.67 per visa, but he tags each passenger \$9.70 for landing on his airport.

In ten days, maybe, the mail brings the passports from Washington, with a grim reality. There is only one copy of each passport to mail to the five consulates, one at a time. Mr. Blow slumps in despair and suggests a tour of the West Coast. But Mamie and Lucille have told all their friends they are going to Europe. And to Europe Joe Blow must go.

He stuffs his brief case full of paper and moves Operation Visa to his office and puts his secretary on the mail campaign. When the last visa comes in his desk diary shows nine weeks and two days' elapsed time, and \$150 for fees and other expenses.

What causes that? A mil-

take a hundredfold more time than your trip

lion people would like to know the answer.

A half dozen government and private red-tape committees are trying to find out, and do something. Among them are the Interdepartmental Committee on Foreign Travel; the International Chamber of Commerce; the Committee on World Travel; the Conference of National Tourist Organizations, and others. Leading the drive on behalf of the air lines is the Air Travel Facilitation Committee of the Air Coordination Committee, the Government's high tribunal for aviation.

Centuries ago a passport was a letter given by a chief or official to an emissary which said in effect: "Please don't kill this fellow; he's a friend of mine."

The passport became a natural for tyrannical restriction of personal movement, and there have been constant uprisings against it—as there is now.

The United States inherited passports from Europe, but by the 1860's was ignoring such passport laws as had not been abolished. Even Japan wiped them out in 1898. In Latin America, freedom was the rule. England, France, Germany, Italy, Spain, and the Low Countries had got clear of them by the time World War I started. Only police states still required travel credentials: Austria, the Ottoman Em-

pire, Persia, the Balkans, and Russia, where people quipped, "All men are composed of a body and a passport—the soul being optional."

The first big war came and whole continents re-established controls on personal movement, some stricter than ever. Nations used the passport to exclude outsiders, and to contain their citizens, a purpose very different from the ancient original. On the easy side, keeping citizens at home, it worked, within reason. But it didn't keep foreigners out. There is no kind of document that cannot be faked.

You can guess the rest. Peace came, twice, but passport bureaucracy stuck, for two main reasons:

1. World conflict, the new technique of total war, and easy travel, spread suspicion and mistrust everywhere.

2. In this country the State Department's passport and visa divisions are hanging grimly to their old ways of doing business.

With the State Department on the defensive, and the red-tape committees breathing down its neck, here's the gist of their tiff in hearings before Congress.

Of course the committees don't agree on all details, but one of their basic aims is a passport that will be simple, cheap, and easy to ob-

tain—a standard paper with which a citizen can go anywhere.

The law gives the State Department's passport division power to issue, and to refuse, passports to American citizens going to countries that require them for admission.

All right, say the red-tape committees, but the law does not say that a citizen traveling abroad must have a passport. Nor does it define the grounds on which a passport applicant may be refused. Therefore, international travel is being regulated, not by law, but by bureau fiat.

Unpublished restrictions

EVEN the fiat is not fully made public. The controls are partly secret. The Administrative Procedures Act of 1946 requires every federal agency to publish its rules and regulations in the *Federal Register*. A State Department spokesman, questioned on such publication of regulations, was vague. One authority on removal of travel barriers states that the regulations have not been published, and that the State Department appears to be in violation of the law.

The division is issuing passports for pleasure travel to Britain and Europe, but only to those who can obtain accommodations, and who have funds for their return passage. This is probably illegal restraint of movement, since no law forbids a citizen to leave the country. It certainly is paternalism.

And, there is just a taint of police rule in it. Witnesses for the division admitted they have a list of persons whom they will not permit to leave the country. These people need not be told what they are suspected of, and they cannot demand a public hearing.

A passport, while a form of identification, is also a kind of rain-check that permits a traveler to come back home. Therefore, the division insists, it must itself diligently approve all passports in Washington, otherwise aliens already here might get passports and use them as official evidence against deportation.

Nonsense, the red-tape committees say. The division has authority to delegate passport approval to its branch offices, or better still to the 400 Immigration Service offices, or to the thousands of Post Offices. Any of them could do the job just as well, and speedily.

Furthermore, a simplified passport would carry no more and no less guarantee of protection and of

(Continued on page 60)



Three months is par for the red-tape course in foreign travel

Men Who Won't Stand Still

IF YOU are a member of a strong, progressive trade association, regional, state or local chamber of commerce, and you find your association manager packing up and going back to college this summer to attend an institute for commercial and trade organization executives, do not be surprised. He'll be en route to take an intensive technical course in his work.

Trade association and commercial organization executives suffer a peculiar occupational ailment. It isn't exactly a disease; it's more an occupational state of mind that's born into the type of person to whom organization work particularly appeals—and the condition is aggravated by enthusiastic engagement in such work.

This occupational malady manifests itself in a feeling of acute dissatisfaction with things as they are.

The trade association executive keeps asking himself, and members of the association keep asking him:

"How can we work together more effectively for the good of our industry?"

"How can we step up the quality of our products? How can we give better service?"

"How can we increase the efficiency of our plants? How can we cut costs?"

"How can we improve our public relations? How can we get better results from our advertising? How can we get more customers, sell more goods?"

"How can we keep closer tabs on legislative developments affecting our operations? How can our members make better use of this information?"

And so on.

Same thing holds true for the chamber of commerce manager except that, instead of concentrating on how to improve an industry, he concentrates on how to improve

a community. He keeps asking:

"How can we make this city a better place in which to live?"

"How can we tell the world the advantages this locality has to offer? How can we attract more residents? How can we get new industries to locate here? How can we build up our tourist trade?"

"How can we make the best use of our resources?"

"How can we build up our retail and wholesale trade?"

"How can we strengthen labor-management relations?"

"How can we eliminate fire hazards?"

"How can we make the school children and the public in general more safety conscious?"

"What can we do to beautify our parks, to expand our recreational facilities?"

"How can we raise educational standards? How can we get more and better teachers?"

"What can we do to stimulate the citizens' interest in better gov-

ernment, local, state and national?"

This constant search for improvement leads the chamber manager quite naturally to the big question: "How can I improve myself?"

Being a man of action, accustomed to rolling up his sleeves and making dreams come true, he comes up with an answer. He takes time out when summer rolls around—sometimes instead of a vacation—to go back to school.

He and his fellow workers have established not merely one school of instruction for themselves but practically an entire educational system.

They have set up six institutes for commercial and trade association executives, one Institute in each of the country's main geographical divisions. Each Institute specializes in problems native to its own region, but in general the courses of study are uniform. This

makes it possible for a student to transfer from one Institute to another from year to year—if he cares to do so for the broadening effect of the change, without losing any credits for courses completed.

The parent Institute—the National Institute—is at Northwestern University, Evanston, Ill. The others are:

Southeastern Institute, University of North Carolina, Chapel Hill.

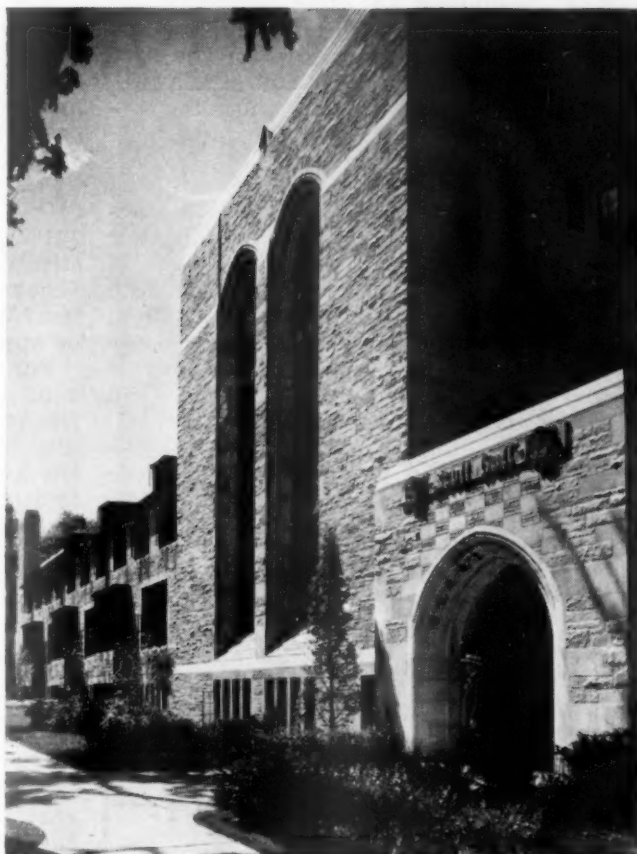
Western Institute, University of Oregon, Eugene.

Southwestern Institute, Adolphus Hotel, Dallas, Texas.

Rocky Mountain Institute, Montana State University, Missoula.

Northeastern Institute, Yale University, New Haven, Conn.

The commercial executives' summer institute idea got its start back in 1916 when the National Association of Commercial Organization Secretaries—sensing the occupational urge of its members to want to keep on learning—proposed that something be done to



CHICAGO ARCHITECTURAL PHOTO

Organization managers now have six Institutes, the first of which was founded at Northwestern

further the training of those engaged in, or preparing for, chamber of commerce work. A committee, appointed to explore possibilities, recommended that a training course be established with a summer session of two weeks or more, supplemented by special reading and study.

Plans for the course were drawn up and adopted, but then the war came and the project had to be postponed.

The first School for Commercial Secretaries was finally opened in Evanston in July, 1921, under the joint sponsorship of NACOS, Northwestern University and the Chamber of Commerce of the United States.

The Institute took hold immediately, and it wasn't long before the American Trade Association Executives became interested and volunteered its support.

Courses on staggered dates

THE six Institutes are not all held the same week. Two of them are open in June, two in July and two in August, which makes it possible for anyone desiring to attend more than one school to do so.

The original two-week session has been cut to one. A stiff program

of study is crowded into the single week, but there is some time left over for recreation, entertainment and informal discussions.

Each Institute follows the same plan. A basic course is open for beginners, men and women who are preparing to enter organization work and executives who are attending the Institute for the first time. An advanced course is available for old-timers; and a technical course for those who desire specialized training.

All the courses are strenuous. The students attend three classes in the morning and two in the afternoon.

Classes are arranged so that the students have time for discussion. The instructors are recognized experts in their fields. Saturday is given over to examinations. No time goes to waste.

Students who satisfactorily complete three years' work are awarded a graduation certificate.

What do the courses cover?

Just about everything anyone in organization work can think of: How to set up and manage a commercial organization, how to get along with people, how to speak in public, how to finance projects, how to get committees to work, how to conduct a convention, how to build membership, how to in-

crease the community payroll—and principally new opportunities for service to members, to the industry, to the community.

In each course, emphasis is on the practical; the work is far from academic.

The men who do the teaching have learned the hard way, from experience; and the men who receive the instruction have also learned from experience. So the theoretical is crowded out.

Studies are practical

THE whole atmosphere of an Institute classroom is: "What's new? What works best in actual practice? What gets results? How can it be applied in my case?"

For all the hard work the student goes home stimulated and refreshed. He has had an opportunity to bring his problems out in the open, to talk over his difficulties and plans with people in his own line of work. He has learned what the other fellow is doing, has gained a new slant, a new perspective.

Organizations now sponsoring the Institutes include: American Trade Association Executives, National Association of Commercial Organization Secretaries, Northwestern University, State Secretaries' Associations of the Southeast, University of North Carolina, the Southern Association of Chamber of Commerce Executives, University of Oregon, University of Southern California, University of Nevada, Whittier College, Western Chamber of Commerce and Trade Association Executives, State Secretaries Associations of the Southwest, the Southern Commercial Secretaries Association, Montana Association of Commercial Organization Secretaries, Montana State University, Yale University, New England Association of Commercial Executives, Pennsylvania Commercial Secretaries Association, New York State Commercial Secretaries Conference, New Jersey Association of Commercial Executives and the Chamber of Commerce of the United States.

Business men who make up trade associations and chambers of commerce are strongly in favor of the Institutes.

They like to have their particular manager drop his regular work and take an Institute course each summer, because the more the organization manager keeps on his toes and the more vision and ability he possesses, the more improvement will come to the industry or to the community.



Queens of the Milky Way

By NORMAN and AMELIA LOBSENZ

MILK from contented cows is no mere slogan to the operators of one of the nation's great dairy farms

THE Wisconsin farmer braced his foot against the planking of the hay-filled stall and gripped hard on the nose-ring by which he held at bay a black behemoth of a bull. The man's eyes were gleaming.

"If anybody said to me, 'Carlson, you can have either this beast or a brand new automobile,' the bull would be on his way home with me right now."

Outside, in the green fields of the farm near Seattle, a man from Nebraska rapturously watched a herd of grazing cattle. He shook his head slowly. His voice was awed.

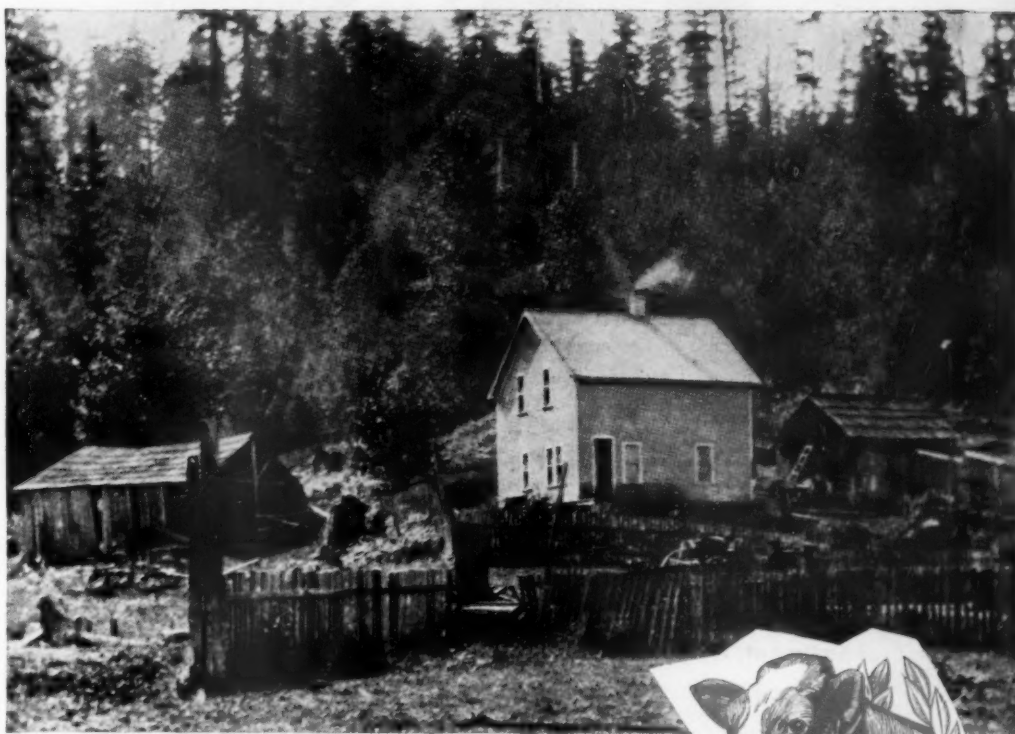
"Beautiful," he murmured. "How beautiful!"

Such ecstatic admiration is not customary at a cow barn. But it is far from unusual where the cows and bulls of the Carnation Milk Farm are concerned. They are the glamour girls and boys of the bovine world.

Every year some 25,000 persons make a pilgrimage to see these 625 wonder Holsteins. The procession has included governors, queens and world's heavyweight champions, as well as souvenir hunters who, stymied for autographs, have snipped hairs from the animals' tails. And South American cattle barons have spent thousands of dollars for a single animal.

Millions of pin-up pictures of such cattle queens and kings as Carnation Ormsby Madcap Fayne and Matador Segis Ormsby are mailed annually to dairy farmers throughout the world. Agricultural colleges use similar photos to illustrate lectures on the characteristics of quality cattle.

Madcap, world's top milk cow, is especially in demand. Her picture—showing a top line as straight as an arrow, and the full roundness of her excellently conformed udder—

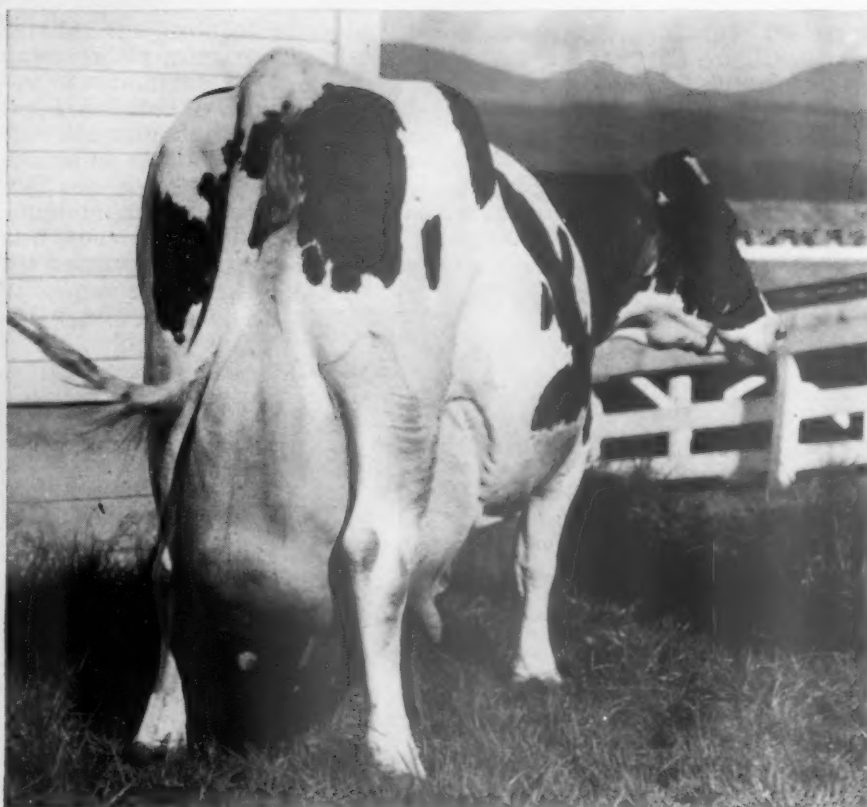


1910: At the outset the farm was ramshackle with rickety buildings and a floorless cattle barn

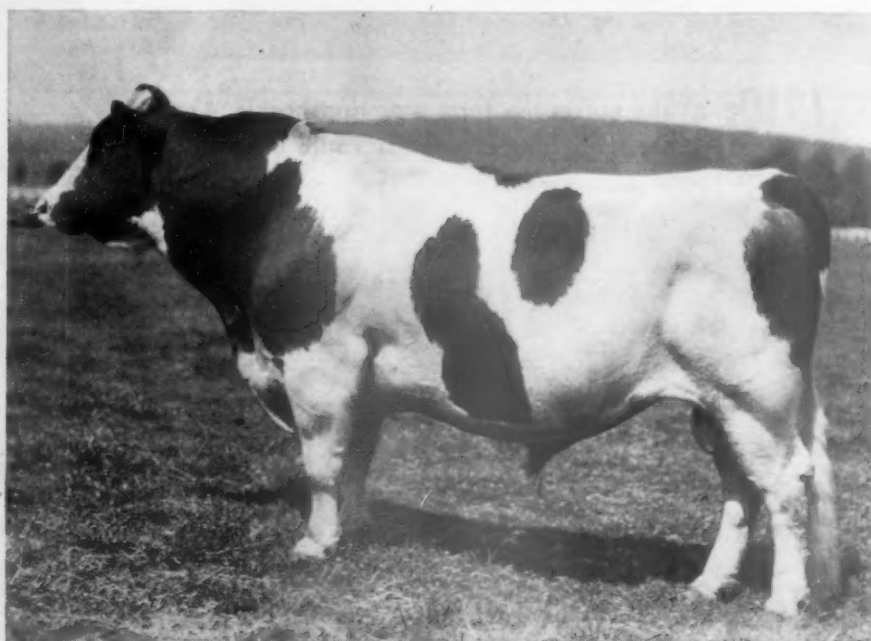


TODAY: Green pastures and spotless white buildings provide an ideal setting for the glamour boys and girls of the bovine world

ROGER DUDLEY



QUEEN: Champion Ormsby Madcap Fayne rules supreme in the milk department. Her 41,943 pounds of moo juice in 1942 set a world's record



ROGER DUDLEY

KING: Matador Segis Ormsby, one of the greatest bulls ever to paw the earth, is renowned for his prowess at producing productive progeny

is pasted on thousands of barn walls. Fan mail runs high.

But the Carnation farm is neither a rich man's toy nor solely a commercial enterprise. It is primarily an experimental station designed to help America's 619,000 dairy farmers improve the quality

and the quantity of their products.

By applying scientific feeding and breeding principles to what is the largest registered breeding herd in the world, the farm has developed a strain of exceptionally long-lived cows which give enormous amounts of milk and butter-

fat, and a family of bulls that can be depended on to sire even more productive offspring.

Citing only a handful of the records made by these cattle will give you some idea:

Carnation Ormsby Madcap Fayne set the official world's record when, in 1942, she produced 41,943 pounds of milk. The average cow gives 4,891 pounds annually. Madcap produced that much in five weeks. The average American drinks 187 pounds of milk a year. Madcap turned that much out in one day.

Mapcap's sister, Carnation Ormsby Butter King, holds the American title for butterfat. In one year she produced 1,402 pounds. The average is 171.

Home of many record makers

THESE are not isolated instances. The farm is the birthplace of four of the five American cows that have given more than 1,300 pounds of butterfat in one year. It is the home of 60 of the 191 cows that have produced more than 30,000 pounds of milk annually. It is the home of three successive generations of world's record milk cows—a feat comparable to winning ten consecutive World Series. And it is the home of one of the greatest bulls that ever lived, Matador Segis Ormsby, who sired all four of the butterfat record-holders, and 14 of the 60 milk champions.

These titles do not represent unsubstantiated claims. Records are set under rigid regulations. There are more inspectors in a cow's stall than there are judges at a Madison Square Garden track meet. No other country keeps such close tab on cattle production records, which handicaps American cows in international competition.

Before the milking begins, both the milker and the pail are examined. During the actual milking, officials squat in the stall at strategic angles to make sure there is no illegal handling of the udder, and to certify that every last drop of milk is extracted so the next milking will start legitimately from scratch.

When Madcap set her record, 17 inspectors from the American Holstein-Friesian Association double-checked every milking for months, kept 24 hour watch to make sure no drugs or stimulants were used.

But, more important than setting records, is the fact that the Carnation bloodline breeds true on any farm. In the past 30 years approximately 120,000 Carnation bloodline bulls have sired cattle on American dairy farms. Thousands of these cows are giving up to six

times the former average yield of butterfat. Their daughters, in turn, are proving even greater givers of milk and cream.

The farm's aim is to spread this bloodline as widely as possible. And, though Carnation bulls are expensive—average price is \$2,500, top prices go up to \$50,000—every effort is made to enable farmers of middle or low income to buy them. However, the criterion is a man's reputation as a dairyman.

Russell Pfeiffer, farm manager, goes to almost any lengths to co-operate with sincere dairymen regardless of the size of their bank balance. To the right man, he has sold pure-bred bulls for as little as \$250. He may sell bulls on the installment plan, or reserve an animal until a farmer can meet the price.

Young farmers are helped

PFEIFFER, born on a Nebraska farm, now finds much pleasure in carrying out the company policy of helping youthful farmers build good herds. Calves worth \$2,500 were sold this year for one-quarter that amount to 4-H'ers and members of Future Farmers of America, and Pfeiffer devotes much of his time to advising and working with individual youngsters.

"Dad has given me \$400," a 13 year old California girl wrote. "What can I get for that price?"

After several exchanges of letters covering the girl's plans for building a herd, Pfeiffer sold her a calf which normally would have brought twice \$400.

"The animal was due to arrive in the girl's town at 2:30 a.m.," Pfeiffer recalls. She was at the station at midnight, carrying food, milk and blankets. She waited four hours before a wire came saying that the train had been delayed.

"She spent the rest of the night in the waiting room, not daring to go home because the calf might arrive at any moment. When it finally did come, at noon next day, the girl sat up with it for another 18 hours to make sure it hadn't been weakened by the trip.

"That girl," Pfeiffer continued, "will be one of the country's top dairy farmers some day. She deserves every bit of help we can give her."

The farm owes its existence to the Alaska gold rush. In 1899 Elbridge A. Stuart, who was born on a North Carolina farm, opened an evaporated milk plant about 30 miles east of Seattle. For months he was on the edge of failure because he could not get the milk and butterfat to mix evenly.

When the Klondike strike skyrocketed the demand for food, any kind of food, prospectors went for canned milk as a nourishing and easily carried staple. The chunks of butterfat floating in Stuart's milk made them feel they were getting something substantial for their money.

His product's fame sped down the coast. By the time a more discriminating clientele got around to trying it, Stuart had snared the first homogenizer ever made in America. That saved the day.

To get better raw milk for his plant, he bought two carloads of pure-bred bulls which he distributed among the farms which supplied him. His theory was that their offspring would give more and better milk.

When this proved true, Stuart decided to set up a research center where pure-bred bulls and cows could be mated to develop a herd of super-cattle. He bought a farm near the town of Tolt (now Carnation), Wash., in the fertile Snoqualmie River Valley.

The floorless stable housed 75 cows which wallowed in belly-deep

mud; rickety buildings sagged on rotting foundations and most of the acreage was covered with fallen timber. The flooding Snoqualmie flowed through the property.

Adjoining high land was acquired—the farm now totals 1,500 acres—and he began a clearing job that was to last seven years and cost \$200 an acre. Today, green pastures and white fences spread from the cluster of neat buildings on the hill to the lowlands where the Snoqualmie runs peacefully between tree-lined banks. The farm represents a \$3,000,000 investment and costs \$300,000 a year to operate.

Stables are plain wooden box stalls, kept scrupulously clean but not a whit more fancy than necessary.

"We do this on purpose," Pfeiffer explained, "to show the average farmer that this farm is not a tycoon's plaything.

"Some of them might say, 'Anybody could get good results with all that money.' To avoid that, we maintain our farm no more elabor-

(Continued on page 76)



DON MCQUADE

BUYER: Russell Pfeiffer (left), manager of the 1,500 acre farm, is shown chatting amiably with a prospective buyer from South America

Craftsmen— Vanishing Americans

By NORMAN KUHNE

A GROUP of experts in the Department of Defense is studying our future labor supply, and measuring it against the nation's prospective requirements. Although these men mainly are concerned with the needs of industry in the event of mobilization, the basic facts they are uncovering are vital to every employer who takes a long-range view of his operations.

Today, employment of both journeymen and apprentices is high. More than 500,000 veterans are enrolled for training-on-the-job in trades of many kinds. Yet the business man will do well to look to the future and ponder some of the things that worry the defense planners.

In summary, we face a shortage of all-around skilled workers in the shop and metal trades, among office personnel like secretaries and stenographers, and in the construction crafts. The pinch is likely to last into the 1950's, and can get tighter before it eases.

That applies, *mobilization, or no mobilization.*

Reports on the labor outlook frequently mention the number of additional workers expected to be needed. The difference between the number currently employed and those required two years hence doesn't spell out the entire shortage story. Much depends on what management and labor do to fill the gap.

Estimates of requirements in a few skilled trades show a need for 35,000 journeymen electricians, for 50,000 in the painting, paper-hanging and decorating trades, for 40,000 all-around machinists,



**ONLY by acting today can
we insure an ample force
of skilled hands tomorrow**

and for 20,000 tool and diemakers in the next few years.

To some extent these workers are needed to replace those who will die or retire—and to some extent to supplement an already inadequate working force. In those trades where too few new workers are started up the ladders to meet prospective requirements, *need* will become a *shortage*.

A quick look at some selected occupations points up the danger sign. Estimates are that we will require 325,000 skilled electricians in 1950. To maintain such a worker force we need more than 30,000 beginners in training at all times. Yet, Labor Department figures show only 17,368 apprentices in this trade in January. Assuming this count to be incomplete by one-fourth, we still need 10,000 additional learners. Among plumbers and pipe fitters the statistics are almost identical.

For the construction industry as

a whole, estimates are that at least 200,000 apprentices are needed to maintain the worker force. However, only 115,000 have been counted. Even allowing for incomplete reports, we have only 150,000 learners in this industry or about 25 per cent too few.

Those studying the situation are reluctant to forecast the extent of a labor shortage in terms of numbers or percentages. They contend that statistics alone will not give a true estimate of the outlook. They place more importance on the over-all trend. In private conver-

sations, one learns that a ten per cent shortage of skilled craftsmen and trained office workers may be in prospect and that 1952 may be a critical year. But some words of caution accompany these off-the-cuff predictions. Here they are:

A ten per cent shortage of key personnel, as every employer knows, can be a more serious brake on production than the figures alone would indicate. The lack of even one qualified supervisor may reduce the output of a whole department. The loss of a few tool and diemakers or millwrights can delay the start of production in the most efficiently managed and otherwise fully manned plant.

There can be an uneven distribution of skilled labor among various parts of the country and among different employers in the same locality. And the housing shortage has reduced the mobility of our population. A factory on the eastern seaboard may be ade-

quately staffed while one in the Middle West may be experiencing a 20 per cent shortage. The business man with ten stenographers on his payroll will not feel the loss of one worker to the extent of the man employing only three.

Several factors contribute to the prospect of lasting shortages of skilled workers. One is the changing age make-up of our population. The employer whose working force includes skilled mechanics and trained office personnel is the victim of two extremes in the birth rate in recent decades.

The low birth rate in the United States during the depression means that today an abnormally small number of teen-age entrants is coming into the labor force. This situation will obtain until the late 1950's. At the other end of the scale, the high birth rate of the recent war years and the continuing high marriage rate mean that many young women, who normally would be entering offices, are at home attending to the chores of motherhood. As a result, the premium on competent stenographers, bookkeepers and other office workers may continue for some time.

But, that's just the start of the story. It's well known that, during the depression, the unions were interested in maintaining employment for their members. Consequently, they limited the number of apprentices in given crafts.

Equally true is the fact that employers also were remiss about establishing worker training programs.

Today, both the unions and management can call attention to a changed attitude. With their memberships aging, the unions are more concerned about perpetuating themselves than about spreading the work. Business, too, is looking to its labor needs of tomorrow and is hanging out the welcome sign for beginners. However, we're running a grave risk if we assume that the efforts to date to maintain the required force of skilled mechanics are adequate. All signs indicate they are not.

For many years American industry benefited from worker training programs carried on by European employers. A large number of skilled mechanics were among immigrants from the Old World, making available to the American business man a supply of journeymen who had learned their trades at somebody else's expense. With our doors nearly closed to immigration, this source of skilled workers must be ruled out for all practical purposes. We must look elsewhere, and a few figures will

The construction industry can count only 115,000 apprentices. It needs at least 85,000 more



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show why we must start looking now if we are to ease the shortage of skilled workers in the years ahead.

The average age among carpenters in 1940 was 45.9 years. Workers above the age of 65 made up 7.3 per cent of those employed; apprentices and beginners made up only 2.3 per cent. In 1900, by contrast, the average age of workers in this trade was 41 years and apprentices made up 4.7 per cent of those employed.

Significantly, 28.7 per cent of our 1940 carpenters was foreign-born. Only 25.6 per cent of the 1900 force was foreign-born. This shows that, during those 40 years, more than enough new immigrants were added to our carpenter population to replace older foreign-born workers as they died or retired.

Consolidated figures covering four metal trades are even more revealing. The average age of these workers was 41.5 in 1940, compared to 35.3 at the start of the century. During the 40 year interval, the percentage of apprentices employed dropped from 14.3 to 2.94.

Among machinists, millwrights, tool and diemakers, the average age during the same period increased from 32 years to 40.4. The percentage of apprentices and beginners fell from 18.6 to 3.4.

The importance of the Old World as a source of supply in these trades is shown by the fact that the foreign-born accounted for 26 per

cent of those employed in 1940, compared to 24 per cent in 1900.

Statistics for years later than 1940 have not been compiled, but agreement is general that the average age of workers in many skilled trades now is around 50 and higher. This is because older workers stayed on the job during the war while most men of apprentice age went into the service.

Many of our younger veterans now are in training for skilled trades. Although this is encouraging, it should not evoke undue optimism. One must remember that the ex-serviceman of today is the youngster who normally would have entered the labor force between 1940 and 1945. The GI trainee is the man who ordinarily would have had from five to eight years' experience in a craft instead of being in his first or second year as a learner.

Forecasters of labor supply surround their predictions with a number of "if's" and these must be considered.

Of immediate concern is the new emphasis on national defense. This will impose an armament production load on top of an already heavy demand for consumer goods. In general, the same skills that are at a premium in the durable goods industries will be sought for aircraft and other munitions plants. At the outset, at least, any stepping up of armament production will aggravate the skilled labor short-

age in the machine and metal trades.

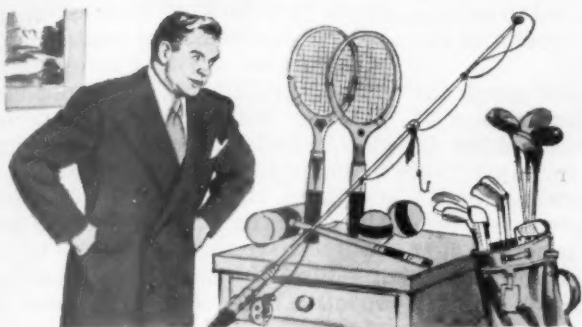
Rearmament under current conditions presents a situation different from the one experienced during World War II. Total production was greatly expanded in the war period. Thousands of new factory hands were recruited from other occupations and rapidly trained as machine operators. Older workers were upgraded and put in more responsible jobs. It should be noted, however, that although total production increased, the output per man-hour fell from prewar levels in many industries. In part this was due to material shortages, to transportation tie-ups and to the large-scale employment of workers lacking the required degree of skills.

During the war the United States absorbed the cost of lowered industrial efficiency as part of the price of victory. But authorities question



In their efforts to perpetuate themselves, many unions now welcome apprentices

FOR A HAPPIER, HEALTHIER SUMMER



1. Choose the outdoor exercises that are best for you.

Summer weekends and vacations are ideal times to enjoy healthy outdoor exercise. You should, however, be careful not to *over-exercise*.

The businessman in the middle years of life who works in an office all week and over-exerts on weekends may do himself more harm than good. So choose activities that are suitable for your age. Better still, see your doctor for advice about the exercise you can enjoy safely this summer.



2. Follow common sense rules for safety in the water.

Swimming is excellent exercise, for you use nearly every muscle in your body—but every swimmer should remember a few precautions.

It's best to swim where there are lifeguards, as even the strongest swimmer may suffer a cramp and need help. After a full meal, it's wise to wait two hours or so before you go in the water; and prior to diving, find out if the water is deep enough for safety.



3. Be careful about getting your summer sun tan.

Sunburn can be painful and serious. For a safe tan, doctors usually recommend starting with a short period (about 10 minutes), and gradually lengthening the time of exposure.

While most sun tan oils or creams help you tan safely, you may still get a sunburn if you stay too long in direct sunlight. Over-exposure to the sun, especially when you are exercising strenuously, may also lead to sunstroke, or heat exhaustion.



4. Remember that many summer hazards can be avoided.

A bad case of poison ivy can spoil your vacation, so learn to recognize this plant, and stay away from it. If you give prompt attention to cuts and bruises, you can help prevent the start of infection.

In spite of all your precautions, accidents may still occur, so it's wise to have a well-equipped first aid kit available. In addition, following the rules of good health will also help you to a healthier summer.

To help you enjoy your summer, Metropolitan has prepared an envelope of summer health suggestions. It includes leaflets on First Aid and vacation hazards. Send today for your envelope of Metropolitan's "Summer Health Suggestions," 78-P.

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Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

TO VETERANS—IF YOU HAVE NATIONAL SERVICE LIFE INSURANCE—KEEP IT!

whether our economy could afford to repeat this cycle in a peacetime program of semimobilization when normal markets would have to pay part of the bill.

Turning to the construction industry one finds an opposite picture. Consensus in Washington is that any appreciable boost in armament production may result in a parallel curtailment of nonessential building because of material shortages. This may ease the demand for workers in the building trades, most of which are undermanned at present. But any curtailment of building also will reduce the opportunities for apprenticeship and will mean the prospect of a more serious labor shortage when full-scale construction is resumed.

Draft and apprentices

ONE other aspect of the defense program should be noted. A return to the draft or the establishment of universal military training, or both, will tend to retard the flow of young entrants into the labor force and slow the development of a reservoir of skilled workers.

The labor supply-and-demand situation hinges to some extent on the general level of business. With the requirements of the Marshall plan added to the needs of our own population, the dopesters see no likelihood of any appreciable decline in the volume of production in the immediate future. Even with a tapering off of economic activity, the analysts discount its effect on the prospective shortage of skilled workers. Here's why:

Pressures of inflation are keeping active many of our older skilled workers. These men and women, past retirement age, probably would leave their jobs but for the fact that their pensions would prove inadequate under present conditions. A decline in production, accompanied by a leveling off in prices, would mean the loss of an increasing number of older workers, among them many of the most experienced members of the labor force.

There is optimism in some quarters that the need for skilled workers can be reduced by work simplification programs, by additional mechanization and other methods which generally were successful during the war. Others contend that this optimism is ill-founded.

Production men point out that considerable work-simplification and rationalization, instituted during the war, is being continued. Despite this, all-around craftsmen

are more essential than ever. One reason is that, as more dependence is put on semiskilled workers to produce component parts of a product, the need for qualified supervisory personnel increases.

Likewise, every new machine added to the production line increases the demand for qualified mechanics to service it, to say nothing of those required to manufacture the machine, erect and install it.

While increasing the need for skilled workers, mechanization of industry generally has tended to eliminate the need for unskilled workers. Despite restrictions on immigration, forecasters see no shortage of common laborers, hod carriers, ditch diggers and others who formerly entered this country from Europe in large numbers.

The bulldozer and other earth-moving machines have displaced the pick-and-shovel man on many jobs. The mechanical hoist, the conveyor and other equipment now substitute for human muscle. Economists say that two revolutionary changes in cotton production, the use of the flame cultivator and the mechanical picker, will release thousands of farm hands, chiefly Negroes, and that, lacking training for other work, these men and women will depend on common labor for a livelihood.

Training can be worked out

WITH skilled workers there's a bright side to the picture, too. Employers and unions in some communities have tackled the job of getting additional craftsmen on an adequate scale. In some of the construction trades in Duluth, apprentices are being hired at the rate of one for every three journeymen, and with union concurrence. A similar ratio of apprentices to journeymen obtains among plumbers in the Wichita area. Elsewhere, all employers in the same industry have set up joint training programs. Contractors and trade unions have set up committees which facilitate the transfer of learners from one job to another depending on the work load.

Another constructive development has been the shortening of the training period for those with previous work experience. This has been particularly helpful to veterans who are older than normal trainees and who, in many cases, developed basic skills in the armed forces. Joint management-labor committees evaluate the records of beginners and give them time credit for experience to the extent

it is applicable to the requirements of the trade.

One of our greatest national assets is the ability and the willingness of our people to learn new skills. Many communities report more applicants for jobs as learners, trainees and apprentices than there are openings available.

In areas and occupations where there is a lack of interest on the part of trainees, the cause may be unfavorable working conditions or the fact that wages are not competitive with other occupations. Any industry faced with a shortage of beginners would do well to re-evaluate its wage structure with the same realism it applies to other competitive factors. It may be that a selling job is needed; that prospective learners haven't been told of the available opportunities.

Some avoid the issue

SOME establishments have shied away from training programs with this argument: "Why should I go to the trouble and the expense of setting up a training program when I have no assurance the workers I train will stay with me?"

Experience has shown that workers generally prefer to stay with the plant where they learned their trade because of familiarity with operations, acquaintance with co-workers, seniority built up and so on. Advocates of training argue that no far-sighted business concern would wait for somebody else to assure its supply of raw materials or to open its sales outlets. Since skilled labor is essential to production, private industry must see that it is available.

Two other things must be considered. As we continue to move toward greater preparedness we will approach wartime conditions to an increasing extent. Many business establishments had to contend with two principal shortages during World War II—labor or materials, or both. Because of these shortages some companies had to curtail or even suspend operations. Every step taken today to build up the supply of skilled workers will ease the pinch in the days to come. Adequate training can improve the situation so that the only limiting factor on business will be materials—and one shortage is better than two.

Likewise an adequate labor supply will produce a more equitable situation in collective bargaining. Our shortage of skilled workers has given the union boss a lethal weapon—one that could easily go off half-cocked.

This kind of magic is easy!



NOTHING in your hands! Nothing up your sleeves! But look . . .

. . . out of your *present income* grows a wonderful future. There's a home in the country, college for your children, travel and fun for the whole family, even a comfortable retirement income for yourself.

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matic savings pile up the money you'll need to pay for the future you want!

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Wampum Woes of the Navajos

(Continued from page 34)
Navajos and the Indian Bureau.

Beginning somewhat earlier and continuing through the 1930's, the Indian Bureau reformed the schools and considerably increased the capacity available to the Navajos. Resistance to education lessened, but still the terms of the treaty were not met, and at the peak it is doubtful if many more than half the children were attending school. The blame cuts three ways, to the Navajos themselves, to the Indian Bureau, and to the Congress and Bureau of the Budget, which were aware of the situation but would not contemplate the appropriations necessary to make even grade school education available to all.

The Indian Bureau had taken the essential step of stock reduction. It was at least trying to provide education, and its schools were no longer places of neglect.

Cash was to be spent

BUT it now made another error. It paid cash for the animals taken off the land. To a Navajo, cash was sterile, there was nothing productive for him to put it into, whereas the sheep he had surrendered bore interest in the form of wool and lambs. Improved herding methods and better grazing did result in an increase in the income from the remaining sheep, but hundreds of families, once their money was spent, now had nothing, or too small a band of sheep to support life. This should have precipitated an immediate crisis, but the crisis was postponed by the large amount of relief work, WPA, PWA, and CCC, which was obtained for the tribe.

A good evidence of the caliber of the Navajos can be obtained from their attitude toward CCC work. Although many of them had no other resource than the wages, they consistently refused to work on projects which they considered useless, and insisted on the authorities' selecting projects of real value. One time when appropriations ran out the Navajos wired Washington offering to continue work for their food and tools alone, explaining that they felt the jobs

they were on were beneficial to the land.

The Indian Bureau's spurt of school construction was largely negated. Where some schools were placed, the water supply failed. From the areas of others, the population simply moved away as the land grew poorer. During the war, for lack of appropriations for maintenance and repair, a number of older schools fell into ruin, so that today, with a school population of 24,000, the Indian Bureau's most ingenious efforts can provide for only 7,000.

Relief work ended with the war, but 3,600 Navajos went into the armed forces. Many others, illiterate and unskilled, were able to get jobs off the reservation. There was a temporary era of prosperity,



vestiges of which lasted into early 1947. During this time, from 1930 on, the tribe continued to increase. By fairly accurate counts made in the past few years its population has reached the astonishing total of 61,000, and it is increasing at the rate of 1,200 a year. Now the artificial sources of income have ended, and all the dreadful chickens have come home to roost.

Sixty-one thousand Navajos mean slightly more than 12,000 families. As the reservation stands today, visible resources can enable only 4,000 of these families to earn a minimum livelihood by primi-

tive, native methods. Eighty per cent of the tribe is illiterate and non-English-speaking. There is no hope for them in the outside world. In 1924 they were between two walls which led to a trap. Now the trap has closed.

More education in sight

THE Navajos and the Government have been startled awake. Partly under the influence of the returned veterans, the tribe is clamoring for universal education. They see that it is their only hope. At the same time they dearly want to preserve their beloved homeland, and to maintain a solid core of the tribe living upon it.

The Department of the Interior, egged on by the Navajos, the various organizations of citizens interested in Indians, and by the excellent, devoted men of the Indian Field Service on the spot, has produced a far-reaching program. By maximum development of the grazing land and of irrigation, setting up of small industries that have a chance to survive, and in general by exploiting every resource, the reservation can be brought to carry reliably 9,000 families, or three quarters of the present population. A parallel program of building schools should ensure that, at the end of the ten years of the program, Navajos in fair numbers will be graduating from high school. If continued, it will lead shortly to a generation predominantly of high school graduates. The great amount of construction involved—dams, irrigation systems, roads, schools, hospitals—will in itself be a vast school from which hundreds of Navajos should emerge qualified to seek decent levels of employment in the outside world.

Within horseback-visiting distance of the Navajos are more than a dozen smaller tribes, many of whose members go out freely to mingle with the rest of us, or support themselves on their reservations in their own industries. Increasingly the Navajos can be raised to the same level. For the first time we have a realistic plan the alternative to which is, bluntly, the creation of a slum spread out over hundreds of miles of desert, 40,000 or more permanent relief cases, a shame and an expense to all other Americans.



To the "Winnah" —One Ham

THE SMOKED ham has replaced the Kewpie doll on the Midway. Carnival pitchmen have found that the prize of a sack of potatoes or a cut of meat will part a rube and his dime faster than the glittering gadgets that rewarded the "winnah" in days past.

Today, you'll find that most concessionaires have baited their traps with sides of bacon instead of Indian blankets, with chickens instead of cigarette lighters, with flour instead of figurines.

World War II hit the carnivals hard. Some were put out of business for the duration—all lost Japan as their source of supply for the cheap doodads awarded as prizes. Higher quality merchandise of American manufacture was more expensive and gave suckers too even a break and the entrepreneur too high a break-even point.

The modern Midway merchant has discovered that the food prize is appealing and permits the carnival to purchase locally and reduce inventories to a minimum. What's more, groceries have an appeal to women and they'll gamble a dollar for a chance on a sack of groceries but turn down a ten cent shot on a pair of nylons.

Being students of psychology, pitchmen have kept the prewar price on chances. They've made up for increased costs by increasing the odds. Hence a spin-wheel that used to have 40 numbers now operates with 60.

As a salesman, the concessionaire has found a new way to coax cash out of customers and make sure that the show will go on.

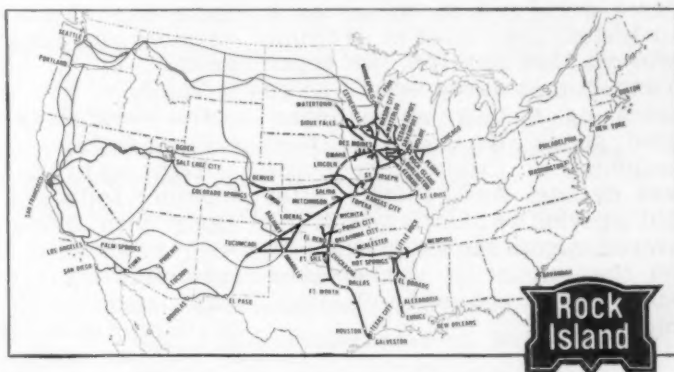
—IVIN M. WISE

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Increasing numbers of shippers throughout America are relying on Rock Island's fast, efficient freight service. Huge Diesel locomotives haul mile-long freight trains at express speeds. More than 23,000 Rock Island "package cars" annually give through service to L.C.L. shipments. Rock Island has 272 Freight Representatives, whose experience totals more than 3,600 years, strategically located in 71 cities. They are experts on packaging, marking and stowing methods, and on rates and routes.



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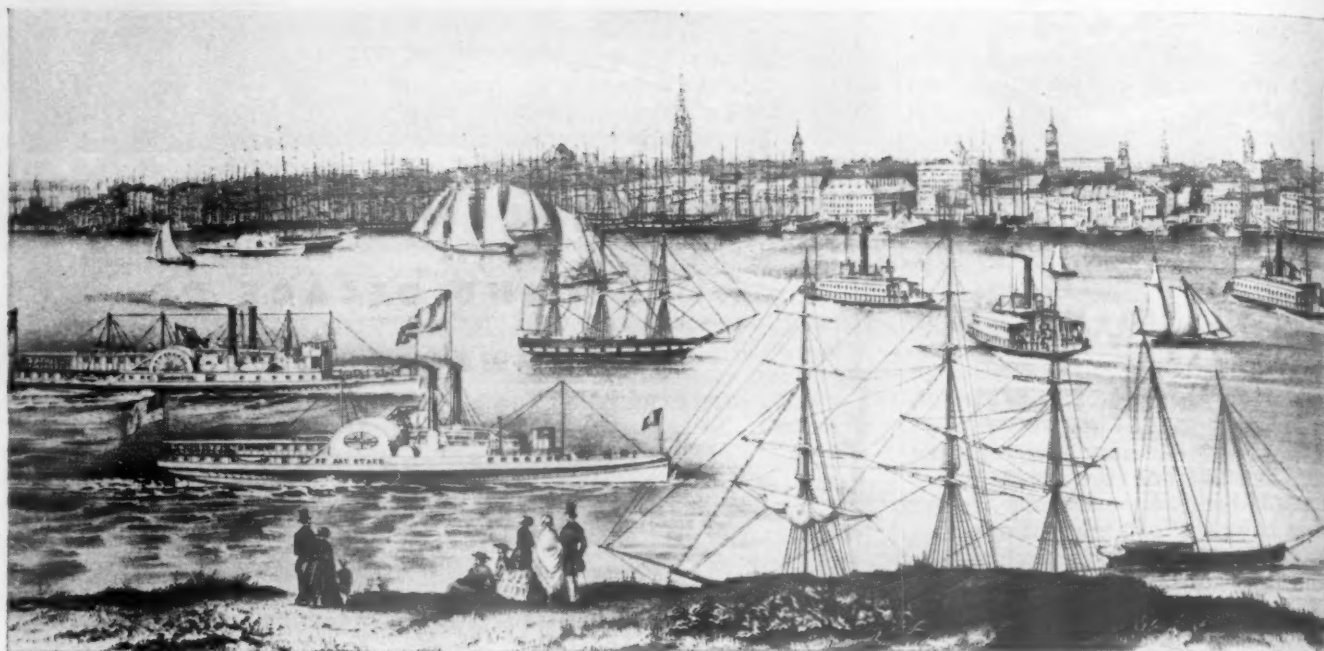
More than fifty million dollars has been invested by Rock Island during the past ten years in improving its right-of-way through 14 states. Curves have been straightened. Grades have been reduced. 1333 bridges have been built or rebuilt. Stations have been built or remodeled. Centralized traffic control and short wave radio have been installed. In short, Rock Island today is among the nation's leaders in modern freight and passenger service.

ROCK ISLAND LINES

Route of the Rockets

Acorns of Industry:

EARLY AMERICAN EXPORTS



The waters off lower Manhattan were a forest of masts by 1840 as export trade flourished

American technology began to play a world role much earlier in our history than most of us think. Between 1820 and 1830, we began to export machinery as well as an increasing variety of manufactured goods. We made railroad equipment an export item in the next decade. And, shortly after 1840, a period we associate with the covered wagon, the world began to feel the impact of our greatest technological achievement—mass production.

Wanted to buy our goods

OUR exports during this period have a particular significance. About 1820, with the beginning of our canal-building era, foreign trade ceased to interest us as a special objective. It became our policy to encourage and protect our own industries, not to compete with other nations for foreign markets. But these nations insisted on buying from us because they liked what we produced.

Raw materials and foodstuffs made up the bulk of our contribution to foreign trade in 1820. Raw cotton accounted for nearly half of our exports. Flour, rice, fish, lumber, pork products, made up

most of the rest. The few manufactured products on the list, such as shoes and soap, offered no suggestion of a native American technology.

But technology—when it came—came fast.

Right up to the War of 1812, for instance, India and the East Indies, along with England, supplied us with practically all of our pure cotton fabrics. Our textile industry was struggling with the problem of building its own machinery. But, by 1825, we equipped a whole cotton mill in Prussia with American machines. Two years later Calcutta newspapers advertised American-made sheeting at 18 cents a yard and, not long afterward, the East Indies began to import American cotton goods.

In this same period, in spite of hostile Indians, lack of roads and the general hazards of overland transportation, 100 wagon caravans carried between \$200,000 and \$300,000 worth of American-made goods to Mexico.

By water in a single day in 1827 went 12,000 chairs from Baltimore to foreign ports. Salem, Mass., among other furniture-manufacturing centers, shipped half the furniture it made to Europe and

Latin America. Vehicle factories in Amherst, Mass., were shipping American-made vehicles to Europe and to South America by 1832.

But it remained for the railroads to give foreign trade its most phenomenal advance. Our railroad history began in 1830 with about 13 miles of track and six locomotives imported from England. The same year we produced our first locomotive. By 1840, we had exported them not only to Russia, Germany and Austria, but also to England.

Ten of the first 145 locomotives built in Philadelphia by William Norris went to Britain's Birmingham and Gloucester Railway. Others were sold to European countries.

Americans got know-how

AT THE same time, we also began to export know-how. The St. Petersburg-to-Moscow railroad was built by American engineers. We supplied for that line nearly 3,000 freight and passenger cars and 162 locomotives.

American technology licked the problem of using automatic machinery to make the dream of interchangeable manufacturing a

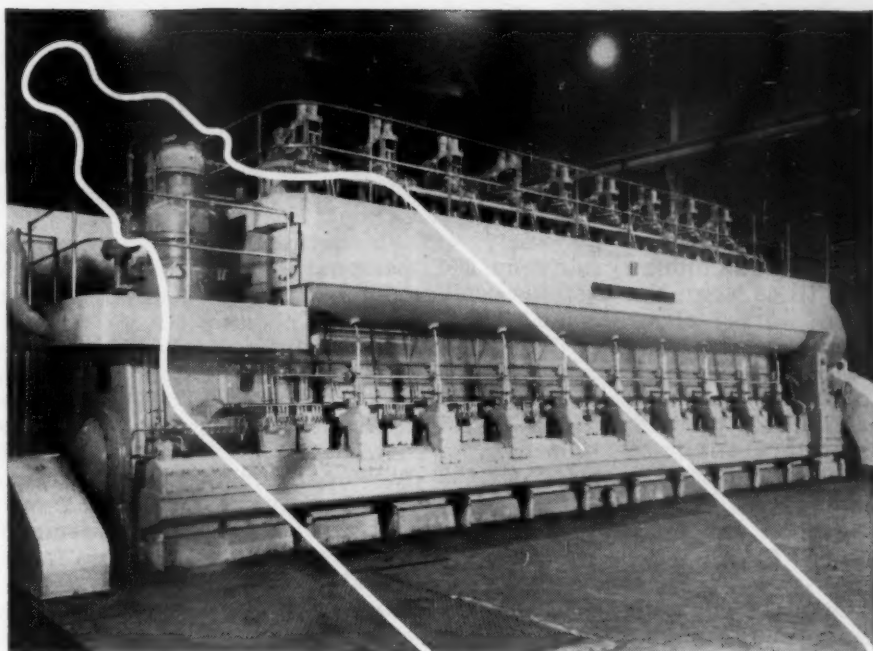
practical feat, and mass production was born.

The cheap American clock was one of the immediate results. By 1843 a single American firm had exported 40,000 mass-produced clocks to foreign countries. Seven years later we were mass-producing and exporting watches.

It is interesting to consider the development of our mass production methods against a few of the things that happened in that remarkable period between 1840 and 1850: Jerome Case established his thresher plant at Racine, Wis.; the rotary press was invented; John Deere opened his plow works at Moline, Ill.; Cyrus McCormick began to produce his reaper at Chicago; and the sewing machine was invented.

Shortly we had the finest arms plants in the world. Our exports included military rifles as well as the automatic machinery to manufacture them. In addition, we were building commercial and war vessels. Our factories were equipping these vessels with everything needed for steam navigation. Sewing machines were added to clocks and watches as articles of export.

By 1860, as we were about to start the War Between the States, American automatic machinery, guns, cottons, woollens and dozens of other items were famous throughout the world. The dollar value of our exports was six times what it was in 1820. But, infinitely more significant than their dollar value, is the fact that our products sold themselves. Our technology had already left an indelible mark on the markets and manufactures of the world.—LAWRENCE DRAKE



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REGARDLESS of size, your plant equipment is an important investment. It's an investment that deserves special "care and feeding." For example, it's not unusual for operators of the "big babies" like this mammoth diesel above to put them on special "formula" diets for protection. When this happens, the services of a seasoned lubrication engineer are helpful.

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They Pay Off in Better Bargaining

(Continued from page 37)

lem, a number of associations have undertaken job classification programs.

One small industry had some 500 job titles when the trade association started classification. These finally were revised to less than 200. To accomplish this, members of the association's labor relations committee pitched in to help the secretary interview and observe the actual work done by nearly 700 employees.

Contracts for study

CONTRACT information services sometimes are confined to providing a central depository for agreements entered into by members. Other associations analyze the contracts which members send in, and publish a detailed breakdown in which clauses are classified according to subject matter.

Members of the National Sand and Gravel Association and the National Ready Mixed Concrete Association receive a booklet containing "Standard Labor Contract Clauses." This publication discusses factors to be considered in connection with each clause commonly found in agreements used in these industries, and presents a study of standard proposals.

It is pointed out that this study "is not a proposal for a uniform contract" and that "questions of

company policy are matters for the individual employer to decide for himself."

Sometimes the employer needs personal assistance in solving the complex problems which crop up in union negotiations.

Individual consultation or advisory services such as those provided to members of the National Association of Motor Bus Operators become important in such cases. A company belonging to this association may call on the staff for a full review of the union's demands when its contract comes up for renewal. In this review, union demands are evaluated in terms of prevailing practices in the industry and area.

Looking over the contract of a member recently, Harold Hosea, the N.A.M.B.O. labor relations director, listed a dozen suggestions for management demands. He found unfavorable provisions for grievance procedures, arbitration, disciplinary procedures, and a number of featherbed rules.

The suggestions were sent to the member, with detailed statistics and other information to back them up. More than half of the suggested changes were written into the contract.

However, trade associations do much more than assemble data bearing on contract negotiations. Broad research into the basic problems of maintaining good employe

relations has given impetus to a variety of activities.

When manufacturers of electrical equipment made a study of wage data by jobs or occupations in the industry, they found that inequalities in earnings were a major source of dissatisfaction. The answer was simple—set up a proper system of job-rating.

Job-rating proves helpful

THE project was placed in the hands of the Industrial Relations Committee of the National Electrical Manufacturers Association. Today, all types of production and maintenance jobs in a substantial number of electrical manufacturing plants are rated and graded on the N.E.M.A. Job-Rating Plan. The same plan or similar ones are now in effect in a number of other industries, including metal trades industries in general, aircraft and aircraft parts, some branches of motor accessories manufacture, and paper products.

Other associations have found that helping to reduce accidents in members' plants is a good way to get at the roots of employe dissatisfaction. An indication of the potentialities of an association-sponsored safety program is the fact that in 1946 non-member firms not participating in the accident-prevention work of the Portland Cement Association had an accident frequency rate 11 times that of member plants.

Teaching economic history to machine operators may seem to have little connection with employer-employee relations. Yet, the National Screw Machine Products Association found that an attractively printed series of folders outlining the history of its industry from 1890 to 1944 was a useful morale booster. These folders told the screw machine products industry's story in simple language, emphasis being placed on the relationship between production, investment in tools, and rise in wages.

Other trade associations have developed movies and slide films to help the individual worker better understand his job and its significance in the industry.

Employe relations publicity ideas used by members in their house organs are compiled by the Rubber Manufacturers Association in a quarterly pictorial digest. Tested ideas or techniques thus are passed on so that other companies can adapt them to their own internal or external publicity.

Education and training pro-



grams for management also reflect the growing realization that the worker wants to be recognized as something more than a cog in a machine. At the annual short-course conducted by the University of Chicago in cooperation with the National Restaurant Association, for instance, restaurant supervisors hear lectures on such subjects as "Understanding Your Employees;" "Human Relations in Supervision;" and "Guiding Employee Adjustments in Customer Relations."

Jurisdictional disputes between building trades unions have long been the biggest labor headache of the construction industry. But an arrangement worked out between The Associated General Contractors of America and other associations in the construction industry and the major building trades unions promises to help eliminate it.

Settling jurisdictional rows

UNDER this plan, a national joint board is functioning, composed of an impartial chairman, two members selected by the Building and Construction Trades Department of the AFL and two members selected by employers.

When a dispute comes before the board, the chairman selects two representatives from labor and two representatives of employers. These men hear the case and render a decision.

F. W. Parrott, president of A.G.C., in announcing ratification of the plan by the association said:

"This national joint board can bring together the best brains in the industry to solve the knotty jurisdictional questions. It is far better for the industry, and the public, that these questions be settled by those who know most about them. We in the industry should take the responsibility for settling the problems of our own industry, and not, by default, require the Government to invoke the powers of the NLRB."

Students of labor relations are watching this experiment as a possible pattern for guidance in other troublesome areas.

The small business man especially needs and benefits from the advice and assistance which his association can supply him on labor problems. Not only employers, but employees and the general public as well, benefit from association-sponsored services which aid sound collective bargaining and promote improved working standards.



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J. T. Fadden
PRESIDENT



American Credit Insurance

PAYS YOU WHEN YOUR CUSTOMERS CAN'T

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA



HOTEL MEN hear a lot of speeches. Sometimes we listen, most of the time we just smile and make people happy.

But several years ago I dropped in on a meeting of the local chamber of commerce being held in one of my banquet rooms. The chamber secretary was telling the town's business men about the industrial sites and the excellent facilities for conventions that our town had to offer. He told the group that he was planning to invite business men to our community through direct mail and other advertising. Expanded activity, he said, would help every retailer along main street, fill our hotels, and promote general prosperity.

That made sense—particularly the part about filling hotel rooms. So I joined.

Since that day, we've come a long way. Industry did respond to his call. Visiting executives and salesmen have placed the town on their must list. Our companies are using my hotel for banquets, sales meetings and conventions, and increased chamber activity has meant more meetings, more luncheons—in sum, more business for me and my fellow hotel owners.

▶▶ **MORE** than a million business men share in similar, helpful experiences as members of a chamber of commerce or trade association. Your local chamber can help you, too. Ask us for a free copy of "Local Chambers, Their Origin and Purpose."

**Chamber of Commerce of the
United States of America
WASHINGTON 6 • DC**



More Mechanics on the Way

PUBLIC transportation operators, under strain since the early days of the war to keep their equipment rolling, currently are pushing a program designed to ease the load on their shoulders and at the same time make the paying customer a bit happier.



The program calls for the training of additional mechanics to keep automotive equipment on the highways. This includes more than 14,000 motor coaches in both city and intercity operations.

GM Coach is operating a training school for motor-coach mechanics to teach maintenance and overhaul of the Diesel engines used in their vehicles along with another school to provide instruction in hydraulic-drive operation.

The instruction was designed by GM Coach in cooperation with the Detroit Diesel Engine Division and the General Motors Institute at Flint, Mich. The skill of the average mechanic is reported below that of former years owing to the influx of many young and inexperienced men into the field.

Because of the need for more skilled mechanics, coupled with the increasing number of vehicles being put into operation, the schools were established. Live engines are used so that firsthand knowledge of operation may be gained.

The Diesel program lasts two weeks and the hydraulic-drive school runs one week.

It is believed the plan will do much to increase efficiency of operations as well as to reduce costs brought about by time lost when vehicles have been tied up for long periods in repair shops.

The Pied Piper of the Discs



IT SEEMS that the rat is easily scared—and, on this theory, James G. Anderson of Vancouver, Canada, confidently expects to revolutionize rodent exterminating.

The notion for this new way of Pied Pipering was first entertained by the late John Anderson, a veteran pest exterminator, and James G. Anderson, the son, is now following through.

The first experiment was conducted some months ago. A group of men entered a wholesale fish warehouse infested with rats, and some 50 rodents were captured.

They weren't killed—at least, not right away. Instead, their tails were tweaked and they were poked at. The rats began squealing their heads off in fright.

They didn't know it, of course, but they were doing what radio stars get thousands of dollars for doing. They were making commercial discs—their fear cries were being recorded.

The record was then played and by turning up the volume the noise of the cries penetrated the building from top to bottom. The next day the warehouse was virtually devoid of rats. The fear squeals of their compatriots had scared the other rodents so that they'd left the premises. The exterminators then sealed up the openings.

Once rats have been panicked out of one building it's every premise for itself. The premise that does not offer food will be passed up.

To some extent, James G. Anderson also uses another disc method for getting the best of the rats. You might call this a reverse of the fear method. He records the mauling calls of trapped, lonely females. These discs are then played back to lure males into traps.

He's convinced that the legendary, flute-playing Pied Piper had the right idea. —HAROLD HELFER



The magic in 4 feet 8½ inches lies in this: that's the exact distance between the rails of virtually all railroad tracks on the North American Continent.

And *that* means the cars of any railroad can ride the rails of every other—a fact which is the very foundation of American mass production and continent-wide distribution.

This great advantage didn't just happen. Originally, tracks were built to more than a dozen different gauges, ranging from 2 feet to 6 feet. The change to one standard width did not come about by the requirement of legislation, but was the result of voluntary cooperation of the railroads.

Today any railroad car can be coupled up with any other car or locomotive, can go anywhere on standard-gauge track, can be repaired with standard and interchangeable parts at any railroad shop in America.

Thus shippers and travelers have the benefit of through service; farmers have national mark-

ets for their crops; manufacturers can get raw materials from the four corners of the nation; consumers everywhere have the choice of goods from every part of the country.

These advantages are the result of cooperation among the railroads which, while competing for business, also work together through such organizations as the Association of American Railroads, their mutual agency for the improvement of all railroading.

And today, as in the past, they are engaged in a progressive program of research and development in equipment, materials and methods to the end that the American railroads shall continue to provide the most economical, the most efficient, and the safest mass transportation in the world.

**ASSOCIATION OF
AMERICAN
RAILROADS**

WASHINGTON 6, D. C.

Paper Brakes on Foreign Travel

(Continued from page 40)

re-entry. And, since about 60,000 unnaturalized aliens are already here, what matter if they leave and return? The Government's chances of catching them would remain the same if passports were simplified and issued by localized authority.

The simplified passport need not guarantee citizenship. It would merely signify that the bearer had appeared before an officer of the United States and claimed citizenship. In reality that's all the present document does.

Cards serve as passports

BORDER-CROSSING cards issued by the Immigration Service are in use by thousands living near our Canadian and Mexican borders. The law says the border card is O.K. Why can't we be neighbors with many other countries who will swap confidence with us? The red-tape clippers are already trying to extend the border cards to a range of several hundred miles—as far as Mexico City, for example.

We are talking about non-immigrant, temporary travel—people visiting on business and pleasure, who would return home voluntarily. Immigration is another story. The other part of *this* story is the visa.

The red-tape committees are willing to go along on the more simplified passport, but they want to abolish the visa as soon as possible. The first step would be non-visa agreements with other American countries, then the United Kingdom, France, Belgium, the Low Countries. Of course, those countries and the United States, if they did not resist immigration pressure, would soon be swamped by undesirables.

The visa division argues that security is the main reason for visa control of immigration. It is doubtful if all the Government's security agencies (like the FBI, Treasury, Intelligence) put much trust in the visa. They have their own methods. Therefore why discriminate against 99 bona fide tourists and business men, the committees ask, in the hope of catching one malefactor—who will be caught later anyway? In fact, only about 2,000 attempts at illegal entry are tried per year—excepting border itinerants, who are returned at the rate of about 18,000 a month.

The division insists that visas be

required and issued at the source, by American consuls. But the committees are asking for abolition of the visa, as a starter, only between the United States and other American countries, against whom we have no immigration quotas. It is anticipated that Europe, short of dollars, will eliminate visas on its own account. Latin American countries exert little or no immigration pressure toward the United States, as compared with Italy, for example, whose people would move over virtually *en masse* if permitted.

The division's argument for visas as an immigration control is misleading. Such control rests with the Immigration Service of the Department of Justice. It is true that many foreigners try to enter in the guise of visitors. But they are not from American countries.

And, since temporary visitors would have passports, and would be checked at our entry points, inadmissible persons would still be excluded. Further, the traveler would be willing to file, without cost, a simple entry form, in two parts. If, after six months or a year, the visitor hadn't filed the check-out half of the card, the Immigration Service would soon ask why.

Eliminating visas

BELGIUM, Holland, and Luxembourg have abolished visas between themselves and other western European countries. To a large extent these countries are following suit. Norway, Sweden, Denmark, Holland, and Switzerland have abolished visas for Americans.

Now that border barrier-busting has started, it is hoped that competitive forces will keep it going. No nation that wants free travel, tourist trade and international commerce—to say nothing of good will for peace—is going to sit still while bureaucrats hog-tie the customers with red tape.

The visa division says it helps to keep out criminals. Not necessary, say the committees. Just ask the incoming traveler for a letter from the police of his home town. Either the visa or the letter can be forged. It's nip and tuck.

Argument for the visa as a necessary health control is invalid, say the committees. A traveler can contract disease *after* he gets the visa. Give him a medical checkup when he *arrives* here. Abolish the

health certificate and require certification of inoculation and vaccination along with the passport.

Also, abolish the transit visa—let travelers move freely through the United States to somewhere else. While and where visas must still be used, abolish the fee, by mutual agreement; issue visas for an unlimited number of visits, with a limit of not less than two years, good at any port of entry. Make it simple and nondiscriminatory as to nationality, itinerary, business or pleasure. Reduce it to a border-crossing card.

Simplified inspections

CUSTOMS declaration and the ransacking of luggage are as persistent as the common cold. The committees would simplify and standardize the declaration form among all countries. They also suggest that a member of the aircraft crew, or a traveling customs man, be commissioned to do the job en route between points. A law against this move is termed a mere technicality.

Income tax forms also must be filled out by departing visitors, declaring whether or not they have earned money here during their stay. If they have they must post bond for payment of the tax. Most have earned nothing and only their signature should be required.

When you travel abroad, you also come into contact with the currency exchange problem. The committees in this case recommend that all governments provide exchange, and regulate the exchanges.

Those countries that restrict the import and export of cash or scrip might give the traveler a certificate for any excess over the limit, and let him go in peace. They also might seal up the funds and let a visitor retain them to be checked out on departure.

That briefs you on how nothing but paper is keeping thousands of travelers at home.

Here's what border barriers are doing to business.

Harriman, when he was secretary of commerce, told Congress that American citizens, between the two big wars, spent \$8,000,000,000 in foreign travel. Had that amount been earmarked in its entirety for exchange, it would have paid for more than a tenth of our export for the period.

In 1946, though facing a tangle of restrictions and uncertainties, American travelers spent \$547,000,000. The figure for 1947 is estimated at \$688,000,000. On the basis of \$150,000,000,000 to \$200,000,000,-

000 national income, Harriman figures potential foreign travel expenditure at \$1,200,000,000 to \$1,600,000,000 annually—with boundary barriers greatly relaxed.

In 1947, the United States exported goods at the rate of \$19,500,000,000, and imported at the rate of \$7,000,000,000. That lack of balance is one reason why foreigners don't have the dollars to buy our stuff. Scenery is the one thing foreigners have plenty of. Of course, some of the domestic travel services don't like this drive to export travel money, but others feel that the benefits to foreign trade will more than make up the loss.

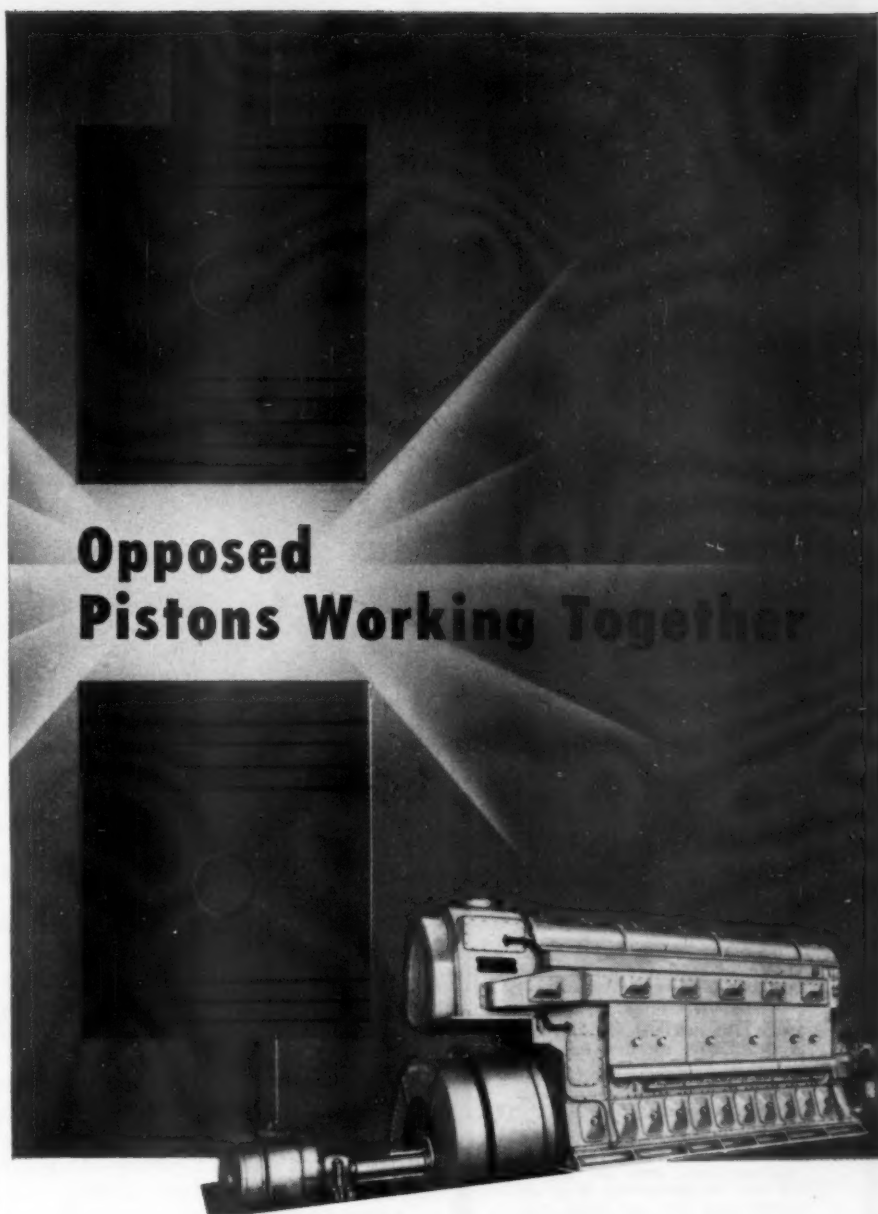
Regulations are expensive

WHAT the barriers are doing to American flag foreign air lines is hard to add up, but it's plenty. Filling out an average of 1,000 pieces of paper per airplane trip is expensive. Worst of all are the penalties on the air lines for hauling visitors, going and coming, whose visas are rejected. Immigration offices frequently reject visas issued by their own foreign consuls. Air lines that bring over such rejectees have to pay a fine of \$1,000 on each, pay their detention charges, fly them home, and refund fares.

A Pan-American Airways representative says that red tape and fines cost the company something like \$10,000,000 a year. That's added in to make the high rates you pay for flying overseas.

A survey shows that half our population wants to travel abroad. Millions of Americans actually would, if the air lines' dream of a \$100 each-way Atlantic fare should come true. It will take some engineering, besides the tape-cutting, to accomplish that reduction, but it's possible. Multitudes have enough money but haven't the time. Air transport can give them the time if it is allowed to.

As a result of red-tape publicity and pressure, much progress has been made, without the expected legislation. The committees say the passport division, headed by Mrs. Ruth B. Shipley, already has taken many shortcuts and is amenable to more. The Immigration Service, they add, is "very liberal" in its attitude. The visa division is charged with obstructing progress. The over-all red-tape drive is for all transportation, not just air transportation. In a sentence, this is the program: make passports simple, quick, and cheap to obtain; eliminate the need for visas by international agreement; simplify inspection services.



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WHY THEY WENT TO OKLAHOMA

With

Kaynee
BOYS' WEAR

it was

A Combination of Reasons



ROBERT L. HAYS
President
The Kaynee Company

Says:

During 1945 it became apparent that we needed additional manufacturing facilities. We made a very intensive study of where to locate a branch factory and decided on Pawhuska, Oklahoma for the following reasons:

1. Oklahoma presented a new and unexploited area for the textile industry.
2. There was adequate native labor available—young, educated, anxious and willing to work.
3. State laws in Oklahoma were fair and attractive for new industry.
4. Oklahoma geographically was well located for the distribution of our product.
5. The cooperative spirit of the Chamber of Commerce, the business men, and the people in the community was so outstanding that we knew that we would have a successful operation there.
6. Our branch plant has been in operation a year and our most optimistic hopes have been realized.

Oklahoma has many business advantages in addition to those which appealed to Kaynee. Send for this book of information which describes graphically, 12 of this state's favorable factors. A special confidential survey report relating to your own business will be prepared on request.



OKLAHOMA
PLANNING and RESOURCES BOARD
STATE CAPITOL BUILDING
OKLAHOMA CITY, OKLAHOMA

Tricks Under the Blanket...



Control is simple

LAST YEAR more than 500,000 Americans dug down in their jeans and bought electric blankets. Other hundreds of thousands moaned because no more were available.

The idea for these blankets originated during World War I when planes had open cockpits and pilots were hard put to keep from freezing. To remedy this, a General Electric scientist devised a flying suit in which heating wires were embedded. The suit turned out to be useless—the planes in those days didn't have enough electricity to heat such a suit.

After the armistice the scientist sold the idea to his company—but for blankets. Yet, it was not until 12 years ago that the first electric blanket appeared on the market. And sales weren't so hot. Only 66 unsung, daring citizens stepped up to buy. Doubting Thomases prophesied destruction claiming that few of the 66 would end the year without being electrocuted.

But none was. These blankets, the record proves, just don't shock people.

Anyone who wanted to get a shock would have to pour water on himself, cut the blanket open to the wires and then wrap himself in it.

One outstanding quality in these blankets is their ability to turn themselves on and off with room temperature changes, and to check their own heat if they're left rolled up or folded on themselves. If the situation gets too hot to handle, thermostats in the blanket automatically turn off the juice.

Some people say the blanket "thinks," and boast that the overheating score is only one absent-minded thermostat in 150,000 blankets!

And the darn things wash. This is because of some more ingenious materials. The blanket's wires have a central core of *fortisan*. This is a rayon product, and spiraled around it is a wire—99 parts copper and one part cobalt. The combination makes a wire so flexible it can be bent back and forth continuously for a year without breaking.

Citizens write the blanket makers frequently: "The dual heat controls have settled forever our marriage-long fight over the amount of bedclothes."

The dual heat is a neat little trick of the double automatic blanket which has two heating areas, half and half, each with separate temperature controls. One spouse can boil, while the other sleeps cold or just lukewarm.

The late war gave the electric blanket a tremendous boost, and in a strange way. It stopped all production! But it led the manufacturers into making heated combat clothing. One maker turned out 2,500,000 wire-heated garments for the air forces.

As a result, millions of people became familiar with the idea of electrically heated garments.

Sales are higher

IN 1939, General Electric, the only producer then, sold 350 automatic blankets. In the first postwar year sales hit 162,000!

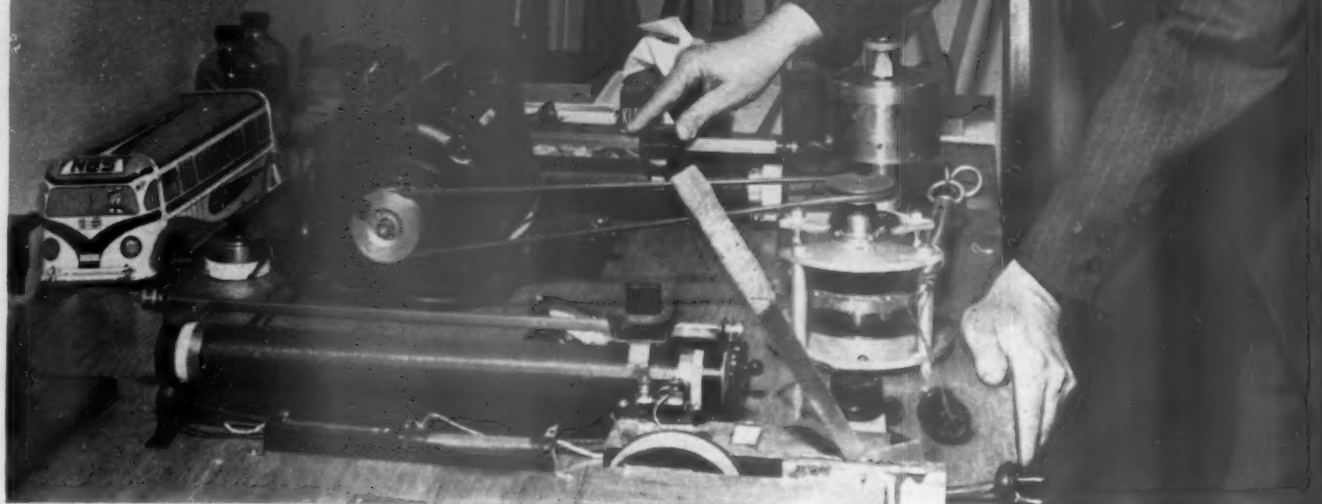
As for the future, there's no telling. The blankets' newly discovered uses are multiplying fast. Arthritics write: "I used your blanket and now I can get up and walk around." Home gardeners chime: "I used your blanket on my hotbed—there was a frost—and it saved my spinach." And, believe it or not, animals are beginning to use them now!

There was a horse at the Hialeah track that slept under an electric blanket whenever the weather was damp, and the Denver Zoo puts one in the reptile house on chilly evenings.

So it is dawning on manufacturers that maybe they never had a product with such possibilities and potentialities before.

—C. LESTER WALKER

INVENTORS who contribute their genius to the good of mankind derive reward from the freedom to work that America alone offers



A Million in His Clutches

By HERBERT COREY

HIS FRIEND said that Jack Rabinow is always playing with gadgets. Fiddling with them. Filing here and beveling there. In his home Rabinow has what he calls an "accordion wall." It is adjustable to the needs of the day. If friends come in it can be extended and if no one comes it can hold an infinite variety of gadgets. He likes to have his wife and baby daughter around while he putters after coming home from the Bureau of Standards in Washington. A little workbench in one corner of his living room makes this possible. He can look at his wife from the bench.

"She's a very pretty girl," said Rabinow—

Or ogle his baby daughter—
"She is pretty, too,"—

He used to read a good deal, but somehow it is hard to find the time

nowadays. He fiddled with his cameras. That paid off, in a way, for he produced some extra-special camera gadgets, but he has put them aside for the time. He was once president of the tennis club at the Bureau, but now plays infrequently and the 170 pounds to which he is entitled at 38 are creeping up a bit.

Gadgets are a business with Rabinow, as well as a pastime. Because making them is the part of his job he likes best, he sometimes gets wrapped up in them all day long and puts in overtime catching up on his paper work.

He gave one of his gadgets to the Government recently.

It is a newfangled clutch that can be applied to any mechanism in which force is transmitted to a power shaft. As in an automobile,

for instance, or a sewing machine, or a battleship. Someone said that, if Rabinow had invented this on his own time and had disposed of the rights on the terms producers usually give to inventors, his share would be not less than \$2,250,000. Rabinow said this was guesswork. It might be \$25,000,000, or some other sum. There is an illimitable market for clutches, with millions being sold every year. One company alone manufactures 3,000 different types and has specifications for 30,000 others.

Caution came upon him:

"If it goes on working. . . . We know it works. No doubt about that. We are running a life test now and so far as we can see it might last practically forever. It hasn't shown any wear at all yet. And that is important in civilian

work. When a man buys a bulldozer he would like to be certain the clutch will last as long as the machine itself."

Rabinow is chief of the Ordnance Mechanics Section at the Bureau of Standards. His salary is \$8,000. He wants to buy a house somewhere near his work at a price he can afford to pay, but has not been able to find one. If he had wanted to cheat a little he could have put a big slice of those anticipated millions in his poke and no one could have proved anything. They might have suspected a good deal, but the skulduggery could have been well covered. He could have built a house with bathtubs of black marble and solid silver grab-rails, and the baby could have had a private pasture to toddle in, complete with armed guards and electrified fences. Some latent dishonesty in my own system must have prompted my next question.

"Why didn't you do it?"

"Why, hell," said Rabinow, "I couldn't do that."

"What did your wife say when you decided not to go after all that money?"

"It was all right with her. She was satisfied. She wouldn't have let me do it even if I had wanted to."

Inventions for employer

HE was asked to make this point a little clearer.

"Well, look," he said. "The Government is the owner of any invention I make while I am working for the Bureau and on the Bureau's time. There is nothing unfair about that. I signed an agreement. All the industrial organizations employ their researchers under similar agreements."

"The Bureau is always fair."

"If I want to fool around with some gadget on my own time and an idea comes to me, I can go to the director and tell him about it. If he agrees that this is my own personal idea and not related to my work in the Bureau, then he will release me from the over-all agreement so far as this idea is concerned. I have half a dozen such inventions before the Patent Office now. But suppose I had resigned my position in the Bureau and set up a shop of my own and after a year or two said to the world:

"'Oh, see what a gadget I've got now'—

"And produced this clutch.

"All my friends here in the Bureau would know I was lying. No one could prove it, maybe. But



At home, Rabinow has a workbench and tinkers as his wife and child watch

when I met them they would say:

"'Oh, hello, Rabinow'—

"And somehow they wouldn't be able to see my hand and, if two or three were talking together, they would clam up if I came in and they would remember engagements downtown. I couldn't stand that. I like everyone here. I like to work for the Bureau. I have had offers of better pay but there isn't any place in the world where I would have the freedom that exists here. We haven't any stockholders to worry about. If a man in private industry has what he thinks is a good idea, it goes through a routine. It may be as good as he thinks it is, but, if it does not promise a profit, it will be dropped. That's all right. Private corporations are in business to make money and not many can afford to fool around with jobs that may be brilliant but have no meat on their bones.

"The Bureau is different.

"If the director gives the go sign we will not be held up by directors or sales agents or cost sheets or anything else. The Government spends so much money that the cost of working out one little gadget is just a flea bite. That's heaven for a scientist. Only, of course, in the long run we've got to make good."

The Bureau is a pleasant place in its physical aspects. The many tall buildings are set in a hill and woodland area that covers 40 or 50 blocks. It is really an off-crop of Rock Creek Park, far enough from the center of the city to catch an occasional cooling breeze in hot weather. The grounds are threaded with concrete lanes which lead to "restricted" buildings behind deer fences and locked gates and armed guards. About 2,000 persons work at the intricate tasks set them, apart from the maintenance force. Much of the wartime work on guided missiles and proximity

bombs was done in the Bureau. Only recently was publicity given to a new weapon which may be discharged from an airplane to hunt out and blow up an enemy ship so far away that it can only be located by today's magic.

"Come into our workshop."

It is a big room filled with well groomed machines doing things that are so intricate that no space will be wasted on them. This is one of the several hearts of the Ordnance Section and is practically filled with secrets. Fifty-five men work under Rabinow's supervision.

"Too many. I'd rather work with not more than 20, so that we might know each other better. But we've got to get the stuff out."

It was in this room and in the connecting workrooms that Rabinow invented 40 odd devices which were turned over to the Government under the terms of his agreement. They are all military matters and rated top secret. Even now not a word may be said about them. This fact led to a query.

"Is there any way of keeping your newly invented clutch out of Russian hands?"

"Not a way in the world."

The Government is taking out foreign patents on the clutch. That insures publicity. The Russians patent some of their inventions

here and we respect their patent rights. It is the assumption that they in turn respect American patent rights. But, if they wanted to pirate them, there is literally nothing that we could do. We could, of course, go to war, but it is evident that, if the two nations were to go to war, the cause would be of greater consequence than a violated patent right.

"And," said Rabinow, "we could, of course, hide it."

No hiding of inventions

IT is too big to be hidden and too important to American industry, he said. If it were hidden, then industry would be obliged to go on using what he considers imperfect tools for an indefinite time. Some European inventor might hit on the same idea and competitor countries would therefore get the jump on us. He isn't worried.

"We can always keep ahead."

The Rabinow clutch is so simple that anyone who can shift gears in his automobile can understand it. The Bureau made the facts public in a 20 page release which is a hosanna in polysyllables, but in plain talk—

"An engine revolves a steel disc in the transmission of a car. When the gears are engaged this disc

presses against another steel disc on the driving shaft. The engine power is, therefore, transmitted to the shaft and through a series of interlocking devices compels the driving wheels to revolve."

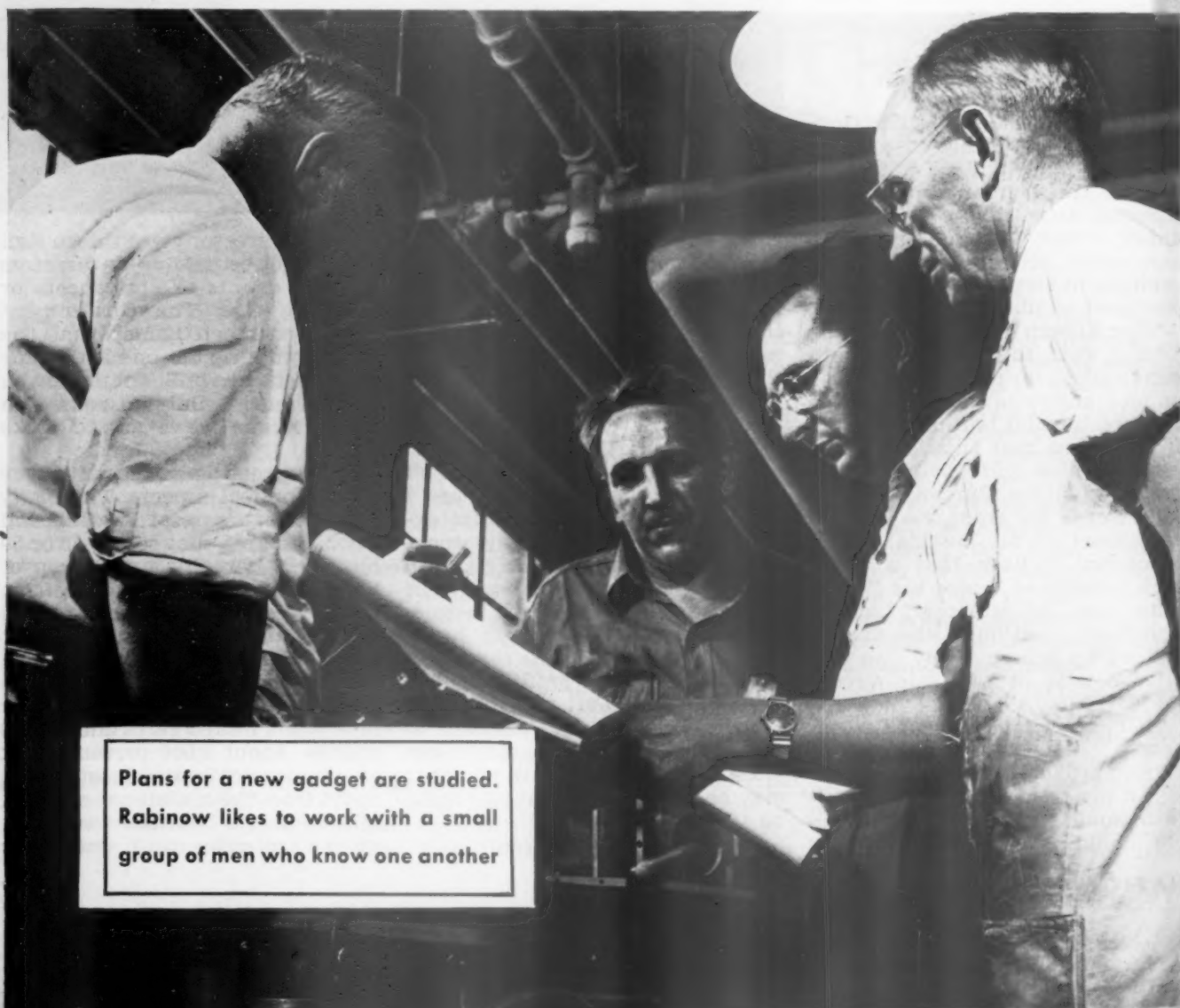
That is the ordinary clutch mechanism.

In the Rabinow clutch both discs are immersed in a bath of oil which has been loaded with iron particles, more finely ground than face powder. When a magnetic current is sent through this oil bath, the iron particles are attracted to each other. They "solidify" in the words of the Bureau's official release. The extent of the solidification is governed by the amount of the magnetic current.

The two discs may in effect be welded into one disc. No slipping, no clashing, no grinding, no jumps or jerks.

Smooth as a kitten's ear.

On Rabinow's desk are letters from several hundred industrial organizations expressing an interest in the new clutch. It promises to be especially valuable in servomechanisms—bulldozers and combines and tractors and prime movers—in which enormous power is exerted to move immense burdens. This is of great importance, as Rabinow sees it, for the servomechanisms are the heavy duty



Plans for a new gadget are studied. Rabinow likes to work with a small group of men who know one another

workers in the future. In these great machines the conventional clutch takes a fearful beating, but the new clutch will be immune to such wear.

The Navy is interested. The Army wants to know. It slogs through mud and up hills with artillery drawn by prime movers and tanks and half tracks which must wallow through any kind of going. A broken clutch might—conceivably—lose a battle. Rabinow's tough mechanics' hands, somewhat mashed up in places and delicate in the handling of small objects, plow through the folders of letters. He is frankly proud of his success. One of these days, he says, he may accept one of the offers to leave the Bureau for private industry at a larger salary.

"But not now. I'm too happy here. Money isn't important if you make enough to get the things you need. Of course, the time may come when I must provide for my age—but all of this adds to my reputation. I like the publicity."

Interest centered in clutch

HE HAS been talking incessantly in his low voice, his eyes twinkling behind his glasses. He wears a sports shirt by preference and never wears a necktie—"except when I have my picture taken"—and moves like a two-year-old. His hair is brown and thick and brushed straight back. His eyes are gray. Questions about his likes and dislikes hardly interested him at all, he was so eager to get back to his clutch. He did reveal that his father gave him a cigarette when he reached the age of three and he has never wanted tobacco since.

He has one hobby beside his gadgets—photography.

He has patent applications in for a new kind of camera and a new type record changer.

"I think they are new and patentable. But then, I've thought the same thing a good many times, only to learn that someone else had thought of the thing before I had. It's 100 to one against most patent applications. I'm a cautious man, but I'd bet ten to one against the inventor, sight unseen."

His latest gadget is one to unblur blurred photographs.

"No good to anyone, except maybe the Army, because it costs too much to interest the boy with a box camera. But I had a lot of fun."

An inventor, he observed, is forever behind the eight ball. The engineer is more or less tied by tradition. He prefers to work with the

AN INVITATION TO THE READERS OF NATION'S BUSINESS



Of 140,000,000 Americans, 585,600 buy Nation's Business Magazine. Whether they are merchants with small stores, professional men with 2-room offices, or big industrialists these men are the leaders and their ideas influence others.

There is a parallel between Dictograph Interior Telephone Systems and Nation's Business Magazine. Dictograph equipment is designed for the same group of people—leaders whose time is vital to the success of their enterprises. For when key men function best, so do their organizations.

That is why we invite you, as a reader of Nation's Business, to meet the Dictograph Interior Telephone Expert.

Representing the oldest and largest maker of interior telephone systems, the Dictograph expert is professionally trained to deal with

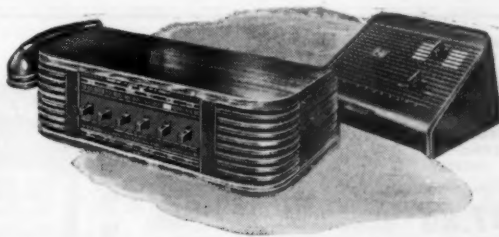
your specific interior communication needs. After scientifically studying your problem, this expert will point out how you can:

1. Save money by making your staff pay-roll hours more productive.
2. Save your own executive time and increase the value of your creative hours.

You will discover that Dictograph is as essential as your "outside" telephone; that your volume of inside calls far exceeds "outside" calls. You will be gratified at the greater efficiency of your personnel once you can project your ideas and inspiration to them instantly.

Dictograph is backed by a 10-year guarantee. Service and maintenance is world-wide. If you employ 5 or 5,000 people, there is a Dictograph System to grow with your business as it helps your business grow!

FREE: "Benchley on Business" by famous humorist Robert Benchley makes prodigiously funny and plenty profitable reading. Fill out and mail the coupon below and it's yours!



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Interior TELEPHONE Systems

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580 Fifth Ave., New York 19, N. Y.

At no cost or obligation on my part—

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☐ Please send me the famous "Benchley on Business" book.

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NBB

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Distribution is established and sales maintained by effective newspaper and radio presentations . . . prize-winning poster designs . . . unusual theater ad-films . . . distinctive point-of-purchase reminder signs—all planned to produce profitable sales . . . all paid for by the parent company.

Now bottled and distributed by franchise holders in 38 of the United States and in Central and South America.

The GRAPETTE franchise is granted—not sold. Perhaps the territory you want is yet available. Your inquiry is invited.

(No. 2 of a series in National Magazines—No. 1 appeared in the June issue of this publication)



The Grapette Company
INC.

CAMDEN, ARKANSAS, U. S. A.

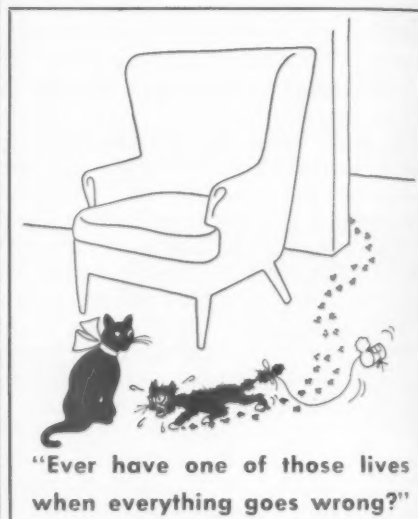


things he knows well—"I'm the same way; so are you"—rather than take a chance on a new idea. But the inventor must be ahead of his time. Television, he said, was really invented in 1890, but nothing came of it. The inventor had the idea but the electronic devices that have made television possible did not come until later.

"I have invented a watch that will stand the watch business on its head. It is being considered now by the Patent Office. A perfectly simple change which should have occurred to anyone, but we are so used to looking at watches as they are that no one has ever thought of a way to make them different.

"I cannot say any more about that now. But wait—"

When he was only eight years old he devised a catapult to throw rocks at the Germans. His elders could not be induced to put this to practical use, although they approved of it in theory. In practice the civil war in his own country



"Ever have one of those lives when everything goes wrong?"

was too near and too rough.

This was in Kustanay, Siberia, in 1918. The Rabinows had been a prosperous family in Kharkov, in the Ukraine. His father owned a little shoe factory and his uncle was a successful pharmacist. In Europe, he observed, pharmacists are highly regarded as professional men. The dignity of their profession had not been impaired by fried eggs and roller skates.

World War I was almost at hand in 1914, and the Ukraine was a receiving station for the political news of all Europe. The Rabinows felt that the war would only add tragedy to their troubles. They were Jews. They sold their possessions and headed for safety. The uncle swam a river on his horse.

"He got through all right, but the horse died of pneumonia. The river water was very cold."

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COMPLETE OUTFIT only \$7.50

Amazing results in sales, inquiries and contacts . . . saves time and money . . . very easy to use GEM STENCIL DUPLICATOR is ideal for Advertising, Announcements, Notices, Labels, Forms, Price Lists—hundreds of uses for every type of business and organization. Comes complete with all supplies, instructions and 60-page Book of Ideas.

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SEND NO MONEY • FREE TRIAL OFFER

Look FIT... Feel FIT

BUILD YOUR BODY AS YOU SIT

The chair for busy men, designed for aiding health, comfort, and easier handling of the day's work. Helps retard fatigue, encourages good posture. Each chair custom-fitted to the user.
DOMORE CHAIR COMPANY, INC.
Dept. 707 Elkhart, Indiana

DO/MORE®
Seating Service



Send for FREE booklet, "PHYSICAL FITNESS"

Seven years of painful wandering followed for the Rabinows. They were in Siberia and in China, always getting along somehow, because they had a little money, but always feeling the ground quivering beneath their feet. The father died. The uncle opened a pharmacy in China, prospered, and opened a second. But they could see no safety anywhere in Europe or in Asia and in 1921 found their way to New York. By this time they were fairly well broke, but managed to stick together. The man who had owned two prosperous pharmacies became a clerk in a drugstore. The two Rabinow sons went to school.

The uncle prospered again, but when he had prospered enough, sold his pharmacy and bought a farm. Jack Rabinow's hopes are not in farming. In the back of his mind it appears that happiness at a distance from slide rules and decimals is improbable.

The two Rabinow brothers worked at everything. Almost everything. The brother is also a successful engineer. Jacob—or Jack to his friends—matriculated at the College of the City of New York in 1932, passed his Civil Service examinations in 1935, and was appointed to a place in the Bureau of Standards in 1938. In ten years he has worked his way up to become chief of a section, has married and become a father.

More than any of the material advantages of his present situation, as they have been cited, is the fact that he is free. If he happens not to agree with something that someone has said, he can say so. Perhaps no one will care what he says. Perhaps by saying it he may enrage the mighty. But no one will lock him up or send him to a concentration camp in Siberia, or hunt down his mother and perhaps beat or starve her. He thinks that the peoples of the world—Americans, Russians, British, French, Chinese, Italians—are essentially alike. One lot is about as brave and careless and honest and clever as any other lot. Only the governments are different.

PACIFIC GAS AND ELECTRIC CO.

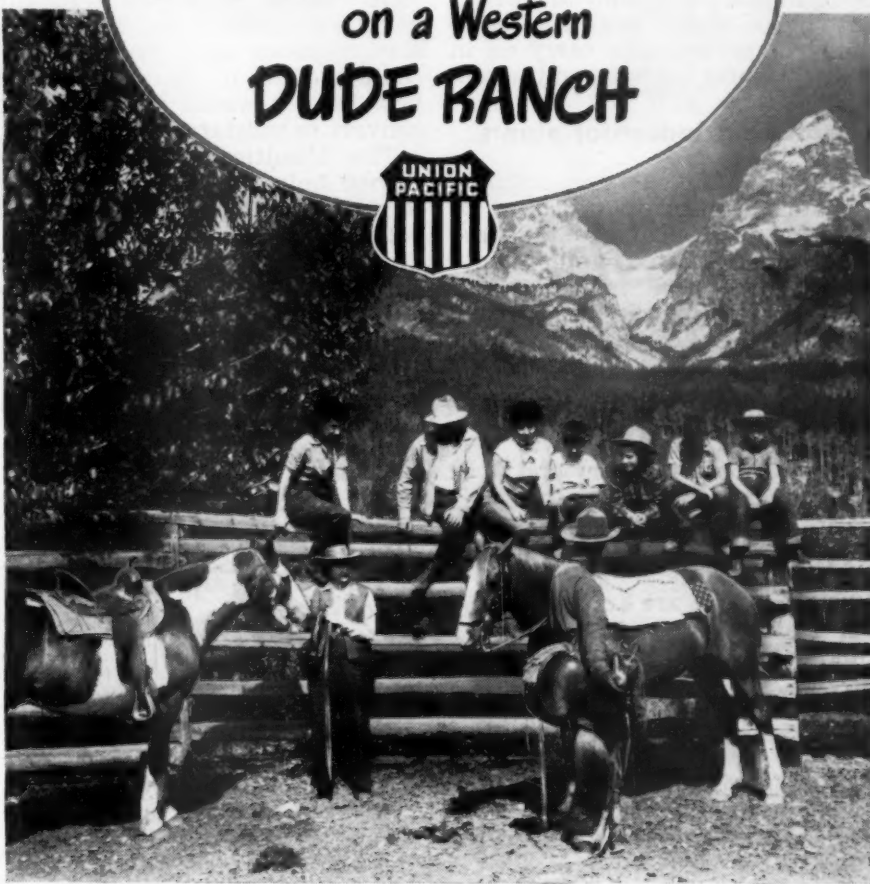
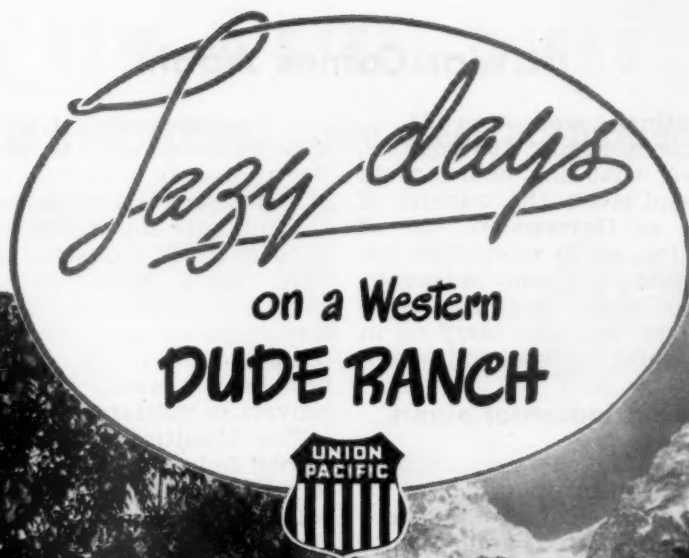
DIVIDEND NOTICE

Common Stock Dividend No. 130

The Board of Directors on June 16, 1948 declared a cash dividend for the second quarter of the year of 50c per share upon the Company's Common Capital Stock. This dividend will be paid by check on July 15, 1948, to common shareholders of record at the close of business on June 25, 1948. The Transfer Books will not be closed.

E. J. BECKETT, Treasurer

San Francisco, California



Live a life of leisure! Every day is carefree on an invigorating Dude Ranch in the Union Pacific West.

Informal fun for the whole family...excellent accommodations...fine, wholesome meals. In some sections, the dude ranch season extends through the Fall.

Send for "Dude Ranches Out West," our new 32-page booklet with illustrations in full color.

Complete information about dude ranches in Wyoming, Montana, Idaho, Washington, Oregon, Colorado, Nevada and California. Mail the coupon below.

UNION PACIFIC RAILROAD

----- Road of the Daily Streamliners -----

Union Pacific Railroad, Room No. 220, Omaha 2, Nebraska

I am interested in a train trip to the following region. Please send information.

(Name region)

Name.....

Street.....

City..... State.....

If War Comes Again

(Continued from page 31)

vulnerable to attack. It's possible, of course, that the board could recommend either the transfer of the seat of Government out of Washington, or to reorganize our Government on a semi-independent basis. Each regional office would be prepared to carry on in event Washington was bombed out.

Scattering industrial plants

INDUSTRIAL dispersion actually was started during World War II. The atom plants, for example, were located in isolated and remote sections, as were many of the government-financed war plants. No single blow could knock them out.

Instead of urging industry physically to move its plants to new areas, the board will encourage both industry and Government to replace old plants by building new projects in areas remote from industrial centers. Several NSRB members are known to feel that the Reconstruction Finance Corporation should get its old wartime powers back to build a new network of war plants and to acquire a supply of strategic materials. The plants and the materials would be located in protected areas.

The make-up of the wartime Government, the new agencies to be created and the powers to be given them, are the subject of another study. This much is clear—that the easy and lax controls of World War II would be replaced by drastic and sweeping regulations. Incidentally, in wartime, the NSRB would emerge as the over-all policy-making and coordinating war agency, similar to the old Office of War Mobilization.

A policy to bring about the most effective use of manpower is being drafted. At the moment, the board opposes the system used in the past war when scientists, technicians, and professional people were indiscriminately drafted into the military services. So, it has compiled a list of jobs that require hard-to-find skills—from a tool-maker to an atom scientist—and it will urge Selective Service to exempt persons with these qualifications when another draft becomes necessary.

The nation's productive capacity is being examined. The Munitions Board already is making a survey of the productive potential of 11,000 plants and it will step it up to cover 25,000 industrial concerns that control 90 per cent of the country's production. The study also includes what these plants could produce in time of war, and how long it would take them to convert to military output.

The Munitions Board is concerned only with military needs; to make sure that the service will get what it wants in time of war. The NSRB will take over the MB study and enlarge it to cover civilian as well as military requirements in wartime.

The NSRB has inspired a nation-



al rubber policy under which our wartime synthetic plants are being geared into our peacetime economy to insure an adequate supply in event of war. No surplus synthetic plant may be sold unless the board certifies its national security effect.

NSRB slowed down the sale of surplus war plants that the Government might use again, and has inserted a clause in the contracts of many that are sold permitting their recapture by the Government for defense and war purposes.

It supported a request for a \$375,000,000 appropriation for the stockpiling of strategic materials. The board believes we should make long-term contracts for scarce materials to insure an adequate supply for the future.

A national power policy also is

being charted. The new defense program will result in the need for millions of kilowatts to make aluminum and the thousands of new planes that could be used for war. Electric power is already short in many areas and millions of dollars' worth of new equipment to overcome the shortage is on order. By voluntary means, the board plans to channel the equipment, as it is produced, to the areas where it's most needed for defense and the civilian population.

A national oil policy is another program being drafted. Defense needs will aggravate the oil problem, and rigid controls may be necessary in case of a conflict. Meantime, the board is exploring, through the cooperation of industry, ways to expand our oil output.

A study is being made of our supply of iron ore. This could conceivably lead to technological developments for the more effective use of lower-grade iron ores.

The treasury is doing a study for the board on wartime fiscal and tax policies—a study likely to lead to recommending some form of compulsory savings in an emergency period. The Commerce Department is mapping out civilian needs, and the Maritime Commission is surveying shipping requirements.

The U. S. Employment Service, the Bureau of Labor Statistics, and the Census Bureau have joined forces to analyze the country's population, its expected growth by 1950 and 1955, as well as its manpower potential.

This study will show the nation's human resources in age, sex, color, skills, where they live, etc.

Plans for every situation

IN FACT, there is no conceivable war problem on the homefront which the NSRB can ignore. Since no one knows when war will come, if ever, the board's work is complicated because it must prepare and discard many alternative plans—plans to mobilize America and to have a program ready for use at any moment to meet any given set of circumstances. For instance, a plan is needed for the evacuation of communities where an atom bomb might fall. But a plan to quarantine the community is also necessary because an enemy might resort to bacteriological warfare.

The board was created by the

National Security Act of 1947, perhaps better known as the Armed Forces Unification Act. However, it isn't under the military. The board is independent; reports directly to the President, and generally is referred to as a "staff arm of the President."

Chairman of the board is Arthur M. Hill of Charleston, W. Va. He's on leave of absence as chairman of the executive committee and director of the Greyhound Corporation.

Serving with him are: the secretaries of state, treasury, defense, interior, agriculture, commerce, and labor.

Hill took office Sept. 26 of last year. Members of his board were appointed last Nov. 13. At first the chairman was advised by top federal officials to take it easy; to hire a small but competent staff, and to spend about two years studying the various problems under his jurisdiction.

Stalin upset that calculation. As Russia expanded her influence, as Congress voted a defense and European recovery programs, the business of war-planning became an urgent "must" in Washington. The two-year timetable had to be telescoped to several months.

Hill is the operating head of the board. Other members review his recommendations, make suggestions to the President in the name of the board.

Closer to President

AS the war clouds have become blacker, the President is relying more on the board. Mr. Truman recently asked it to move from the Pentagon Building to the Old State Department Building across the street from the White House so he could be in closer touch with it.

At present the staff is small, numbering about 100 employees. However, eventually it will expand into a 335 man force. Hill has urged business executives to join him in planning the wartime economy so they could take over and operate the agencies should a conflict break out.

Much of the planning is being done by advisory committees of the affected industries, by private management groups, and by other federal agencies.

Decisions will affect every one of us; the board's advice and planning could mean the difference between war and peace, and the winning and the losing of World War III.

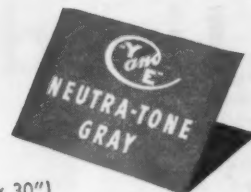
No new federal agency has ever been given such tremendous responsibility with so little time in which to act.

NEW STEEL DESKS

Make your present office space produce more



Style-Master Associate Desk (Size 60" x 30")



Because: each desk saves $1\frac{2}{3}$ square feet of space. You can put more desks in a given space.

Because: these desks are built to get things done. Every inch of the top is in easy reach. Full size, easy sliding drawer units are arranged for efficient working use. You adjust height to best working position and there is plenty of legroom for working comfort.

And: "Y and E" construction pays you dividends in extra years of handsome service. From the baked-on Neutra-Tone grey finish to the attractive metal corner caps these desks are built for long hard wear.

To make your present office space produce more, see your "Y and E" dealer.

YAWMAN AND ERBE MFG., CO.

1043 Jay St., Rochester, N. Y.

CONSULT YOUR CLASSIFIED TELEPHONE DIRECTORY FOR YOUR NEAREST
"Y AND E" REPRESENTATIVE



**MORE HEADROOM — LESS OVERHEAD FOR YOU
WITH RIGIDSTEEL TRUSSLESS CONSTRUCTION**

PHOTO COURTESY STEEL SERVICE OF CAROLINA, INC.

The clean simple lines of McCloskey RIGIDSTEEL Trussless buildings have shown many an executive how to get more usable headroom without increasing building costs. Also the elimination of truss supports increases floor space. These strong, predesigned buildings have less framework to paint and maintain—offer many other advantages, too. It will pay you to write for full information before you build.

McCloskey COMPANY

3404 LIBERTY AVENUE • PITTSBURGH 1, PA.

Now It's the Lived-in Look

HELEN RICHTER began her trailer sales company as a means of support while she overcame an illness. But she's no longer in business for her health. At the end of 1947, Richter Trailer Sales had grossed more than \$1,000,000 and has prospects of even better business during the current year.

Buoyed up by the belief that "whatever you want, you can have," Mrs. Richter set off for Tampa, Fla., in September, 1940, to earn a living without too much hard work. Doctors at a tuberculosis hospital in New York State had ordered her to take it easy in a milder climate and to stay out-of-doors. Selling house trailers was an answer—it seemed easy at the time, at least.

Having learned the rudiments of the business in Florida, and her health improved, she moved north again in May, 1941, and set up shop at Berwyn, Md., on the Washington-Baltimore highway.

The defense boom was followed by the war boom and trailer sales kept pace as people poured into Maryland factories and Washington offices. Then came bad news for dealers in this industry.

"There were seven of us selling house trailers within a radius of two miles," Mrs. Richter recalls, "but the men went out of business when Uncle Sam said, 'No more new trailers for civilian use.'"

But not Mrs. Richter—no new trailers but plenty of second-hand ones. She scoured the countryside for used trailers and even sent scouts into such likely hunting grounds as Michigan, Illinois, Indiana and New England. When they found trailers at a fair price, a stand-by crew drove them back to Maryland. When new trailers again were available, Richter Trailer Sales was the only concern in the area prepared to sell them. This brought the company Maryland, District of Columbia, and northern Virginia franchises for its pick of the makes.



To tap the sales possibilities of her area, Mrs. Richter has tried to make people "trailer conscious." She has found that participation in community projects pays off.

During the war her trailers took part in war bond drives. Often as not the driver behind the wheel of the car pulling a war bond trailer was Mrs. Richter. Today, you'll find her assisting in local celebrations, and in such events as the annual Cavalcade of Freedom on the Washington Monument grounds.

Committed to no static advertising budget, the company tries "not to miss any bets." This means, among other things, placing advertisements in national magazines and in local newspapers; preparing exhibits for area shows, and running down good publicity media.

One of her first "breaks" came with the sale of a house trailer to a circus giant—everything had to be king-sized. On another occasion the story was reversed when a couple of midgets ordered a vehicle with undersized fixtures. More recently, Mrs. Richter, an expert at filling special orders, turned out an exhibit trailer for the Washington, D. C., Children's Museum. She even provided a driver for the first stage of the trailer's cross-country trek.

After eight years, she is considered something of an authority in her field. Because they value her realistic judgment, manufacturers frequently ask for her opinion about models still on the drawing boards. Other dealers are interested in her sales methods.



DEL ANKERS

With Helen Richter a patron's happiness always comes first

She attributes her reputation to the attention that she has always paid to detail and recalls that as a beginner down in Florida she often sat up nights just drawing floor plans to scale.

She feels that personal ethics count for more than anything else in business. Thus she has a policy of making friends of her customers—wants them to feel free to tell her when they're ill or down on their luck so that they can't meet payments. So far these open-handed tactics, which she describes as "good business," haven't cost her a dime.

Ever one to take the long view, she started a repair and refinishing unit early in 1947 to put new merchandise in a salable condition and to provide customers with service on trailers already sold.

Having studied design on a practical basis, Mrs. Richter is able to exhibit trailers completely furnished. Customers, after viewing them, frequently sidle away from the door, murmuring, "Somebody lives here." And that is exactly what Mrs. Richter wants them to think.

That's the way one woman has built up her sales to \$1,000,000. If you asked her how to go out and do likewise, she'd probably mention the ambition to succeed, the value of courtesy, the importance of standing behind any product sold, and the necessity for work. But most of all she'd stress faith—faith in the country and in business as part of our economic life.

—MARY JANE BRUMLEY

Soft Touch For Collegians



EVERY college town in America has its student hang-out or nook which over the years has come to occupy a cherished place in the memory of grads, and not the least of these is Hennick's restaurant near the campus of Ohio State University in Columbus, Ohio.

Hennick's is distinguished for a small glass case which hangs near the entrance and has become known affectionately as the "Lettuce Box." In this case hang ten clips to many of which usually is attached a five-dollar bill. By substituting a card promising to restore the bill within five days, a student may borrow the five-spot.

W. T. Parker, the proprietor, says he got the idea after having loaned small sums personally to students without ever taking a loss—and also because he remembered his own college days.

When a student borrows, his card is so placed that only the due date is revealed and his identity remains secret. Should payment become overdue, however, the card is turned around disclosing the borrower's name.

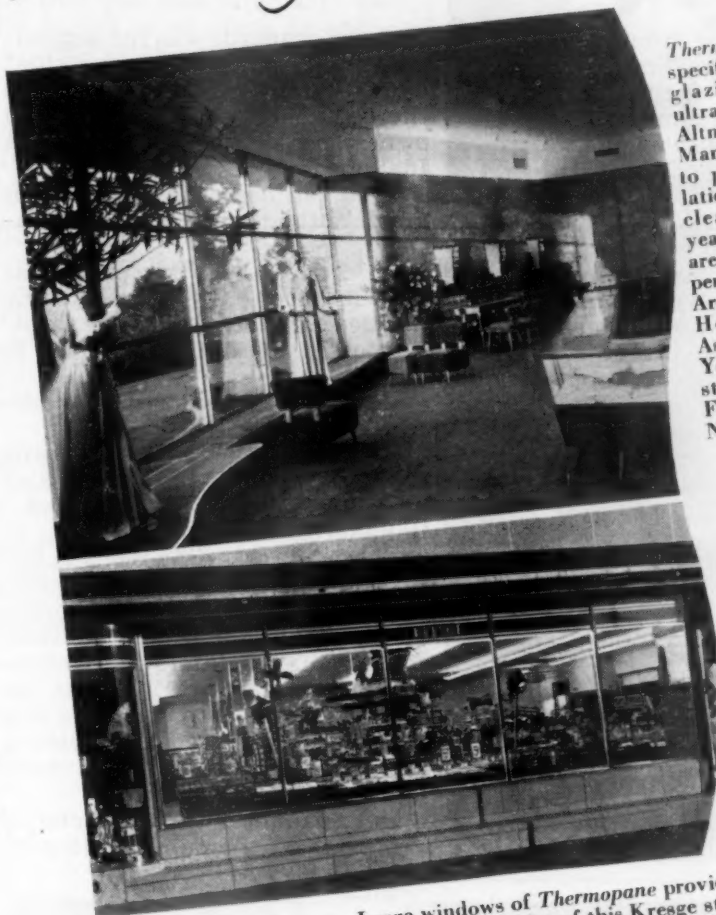
When such a case arises, Parker may contact the student and remind him of his obligation. However, this is a rare occurrence.

If a student is seen in the vicinity of Hennick's with a sort of hangdog mien, he is said to have the "Lettuce Box" look—meaning he is thinking of "putting the bite" on the box. It's a question of first come, first served—and sometimes a student will practically camp out waiting for someone to show up with folding money.

Hennick's has been a leading Buckeye student hang-out for many years and ex-Hennickites include James Thurber, the humorist; Earl Wilson, Broadway columnist, and Milton Caniff, syndicate cartoonist.

—MARK JETTY

Visibility **PLUS** Insulation



Thermopane was specified for all glazing in the ultra-modern B. Altman store in Manhasset, L. I., to provide insulation as well as clear visibility year round. Doors are Tuf-flex tempered plate glass. Architects: Alfred Hopkins and Associates, New York City. Installed by Thomas F. Collins, Inc., New York City.

Large windows of Thermopane provide a sweeping view of the interior of this Kresge store in Detroit. Thermopane's insulating efficiency helps prevent moisture collecting on the glass. Architect: James E. Sexton, Detroit. Installed by Schroeder Paint & Glass Company, Detroit.

...both in the same wall area

You can add the benefits of insulation to the attraction value of a storefront . . . with Thermopane*. This insulating windowpane makes more efficient the use of large glass areas for effective store display.

Thermopane minimizes condensation and frost on glass . . . assures clear visibility the year round. It cuts heat loss through glass, reduces downdrafts at windows, increases the efficiency of your heating and air-conditioning systems. It even deadens outside noise.

In all Thermopane units, dehydrated air is hermetically sealed between two or more panes of glass.

L·O·F's Bondermetic Seal* around the edges keeps dirt and moisture from entering the insulating air space.

Before you modernize, ask your architect about Thermopane for Visual Fronts. You're assured of prompt delivery for made-to-order units which may be required for unusually large glass areas. Over 60 standard sizes are readily available for windows of smaller dimension. For more information, write for our Thermopane and Visual Fronts books. Libbey-Owens-Ford Glass Company, 5678 Nicholas Building, Toledo 3, Ohio.

*®

ONLY LIBBEY-OWENS-FORD MAKES Thermopane



LIBBEY-OWENS-FORD

a Great Name in **GLASS**

Queens of the Milky Way

(Continued from page 45)

ately than most farmers can afford to maintain theirs. This shows that, with work and planning, they can develop just as fine a herd as we have."

A calf for \$106,000

TO stock the farm, Stuart bought members of all 22 Holstein families. High point of the buying spree was reached in 1918 in Milwaukee when a six month old bull was up for auction. Normally he might have brought as much as \$10,000. But several breeders were eager for him, and the bid rapidly reached \$100,000. A cautious voice sent it up a single thousand. Stuart tapped his fingers on his cane. Then, in a bellow worthy of one of his own bulls, he roared:

"One hundred and six thousand!"

It was like the Dodgers winning in the last of the ninth. Hats sailed in the air. Spectators screamed and hugged each other. The calf, immortalized by the record price, pawed the earth. Three years later he died—a failure as a sire.

Not so dramatic was the acquisition of a crippled, ugly man-killer named King Segis X. Stuart and the bull met when the Carnation owner bought the herd of an Idahoan.

"You can have the bull, too, for an extra thousand," said the farmer.

An hour later the price was halved. Soon Segis was being peddled for \$100. Finally the farmer blurted. "O.K., I'll give him to you!"

"I don't even want him for nothing," said Stuart.

However, Segis went with the cows as a sort of unwelcome lagniappe. Two years later he died—unhonored and unwept. But, in those two years, King Segis X left his mark on the entire cattle world.

Segis' offspring were the foundation of a great new Holstein family. His daughters and granddaughters set world's marks for milk and butterfat; his sons and grandsons inherited his potency and sired scores of cows, each greater than the other.

One daughter, Segis Pietertje Prospect, set the dairy world afire

when she established a milk production record of 37,381 pounds in one year. She made headlines all over the world. Thousands came to see her. Marshal Foch, General Joffre, Arthur Brisbane, Queen Marie—all paid their respects. A life-sized statue of her stands at the farm entrance today.

Stuart intensified the valuable bloodline by line-breeding. He experimented further by introducing a new bloodline from a cow family known as Hazelwood. This crossing resulted in the greatest Holstein strain in history, not only for production but also for weight and longevity.

Many of the cows scale more than a ton, twice the usual Holstein poundage. Some have given birth to, or sired, calves at the age of 19. This is equivalent to a human's age of 85.

Like the legendary builder of better mousetraps, Pfeiffer lets the cattle world beat a path to his door.

Sales take several days

TO handle his job Pfeiffer must be a combination salesman-diplomat-linguist-country squire. Most purchasers stay at the farm's guest house at least three days before choosing an animal. The first day is devoted to getting an over-all view; the second to studying pedigrees and offspring of herd sires; the third to an examination of a particular bull or cow.

Not all buyers are this finicky, though. One Illinois man flew to Seattle recently, arrived at the farm at noon, bought a \$2,000 bull, was on his way home before dark.

Language is often a problem. Most foreign visitors bring interpreters, but even then Pfeiffer can't relax.

"You can never be sure when a go-between will make a mistake in translating a price," he told us. "You must catch any error right away. There can be international complications if it is discovered only after the bill of sale is signed."

No other organization has shipped more cattle overseas. Sales have been made to every country but Holland—which doesn't buy for reasons of national dairy pride—and Russia. But the Soviet Union has several replicas of the milk farm run by Russian dairymen trained as Carnation apprentices.

Many U.S. dairymen send their sons to the farm for training. The son of Ecuador's President spent a year as stable boy. Several Carnation executives, including a vice president, began their careers with the company as nursemaids to a



DON MCQUADE

Pfeiffer (right) and some visitors pose alongside a life-sized statue of Segis Pietertje Prospect, once the world's top milk cow

cow. One of the first visitors, seeing the rolling pasture, the bubbling Snoqualmie and the scenic backdrop of the Cascade Mountains, said: "My, these must be contented cows!"

Alert admen grabbed the adjective as a company trade-mark. But the cows' contentment is more than a slogan. It is an actual physiological fact making for more and better milk.

Contentment's basis is the hormone, oxytocin. This—and not the cow—gives or holds up milk. The contented cow releases a seven-minute flow of the hormone. In the udder, it manufactures milk. If a

cow is distressed, no oxytocin is secreted. Result: no milk.

Like the famous dogs conditioned to salivate at the sound of a bell that was associated with food, the farm's cows learn to secrete oxytocin at the sound of rattling milk pails.

A magazine once ran a cartoon showing six top-hatted Carnation directors clustered anxiously about a sobbing cow.

"They weren't far wrong," Pfeiffer said to us. "A discontented cow is a problem cow. Perhaps the farm's greatest contribution is its ability to produce consistently contented cows."

Profession in Pay-offs

DURING the war, when payroll loads assumed gigantic proportions, many a corporation found an unwieldy percentage of its staff drafted to handle the job of getting up pay-checks. Weekly, quarterly and every year-end, W. Ralph Keen, an accountant and treasurer of Columbia Aircraft Company, lost the services of his secretary. He also observed that the payroll complement, its salaries and heavy expenditures for special machines, was costing the firm from one to two per cent of the payroll handled.



He discovered, too, that errors were costing a sizable sum and that Columbia kept two clerks, full time, just to handle these errors, complaints from employees, and some fairly stiff letters from various state and governmental agencies which exacted tolls from every pay-check.

In June, 1947, Keen and Joseph T. King, another Columbia executive, along with Howard E. Sternau, an attorney, began Paymasters, Inc., with offices in New York and Los Angeles, and set out to prove to companies that devising a payroll and filing forms with the various agencies no longer had the simplicity of opening the cash drawer while the help lined up.

What Paymasters, Inc., does is actually prepare a payroll check or a cash voucher if the employer pays in cash. The firm does not sign checks, nor does it physically handle cash, but arranges for armored car companies to forward the needed amount to the

plant's pay window at a stated time.

Employers relay the name, clock number, social security number, address, rate of pay, and number of dependents for each employee. Some clients get weekly computation sheets on which they fill in hours worked. Others simply forward time cards and records of piece work; and still others merely telephone the information.

A flat charge per employee per pay period is charged. The amount varies depending on the complexity of the payroll, but has no relation to the dollar amount of the pay. The rate for figuring piece work is somewhat higher than for time work and, of course, also lower when no overtime figuring is involved.

The service is described as "leak-proof" in that the relationship with a firm may be likened to that of a lawyer and a client.

Pointing to the possible saving, Sternau explained that most corporations are unaware of the "hidden" expenses in getting up a payroll. He added:

"If you compute the actual cost, including man and machine hours as well as overhead, and add the time required to keep posted on various governmental regulations, the cost per employee is sizable."

Since launching the enterprise, banks, automotive, transportation, construction, printing and food firms have relieved themselves of the payroll headaches and dumped the task into the laps of the new service agencies.

—J. ALVIN KUGELMASS

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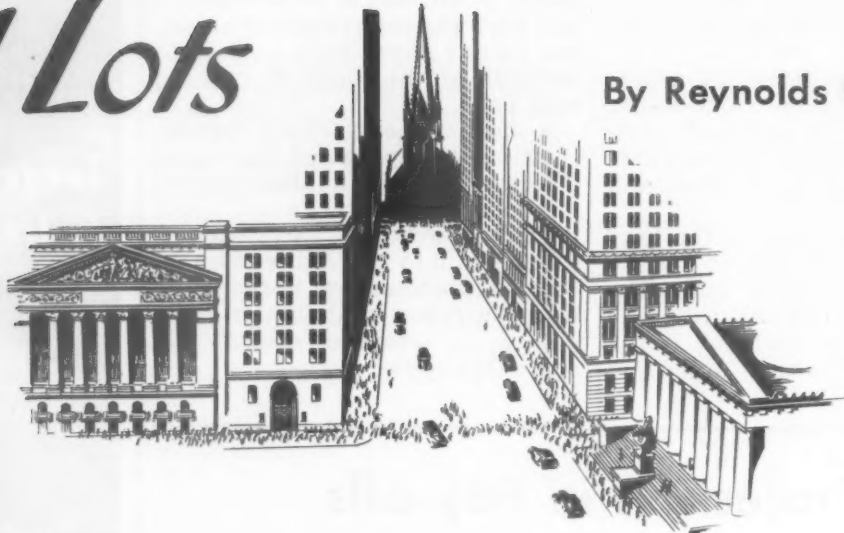
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Odd Lots

By Reynolds Girdler



On the Carpet

RIGHT at its birth, Wall Street's new bull market ran second best to a raffle. This humiliation occurred, of all places, at a regular luncheon of the Society of Security Analysts.

Now these statisticians are a serious group. They often ply their speakers (company presidents) with embarrassing questions. But this time they listened to James DeCamp Wise, president of Bigelow-Sanford, tell about his company, and then abruptly skipped the question period. For they had come out in overwhelming numbers to get door chances on a new Bigelow carpet. Not until the carpet had been raffled off did these students of value go back to the market that was even then hitting new highs and the front pages.

As one member left to return to his office he shouted to the group: "Next week, dishes!"

★ ★ ★ ★ ★

Little Dow, What Now?

TO WALL STREET, the outburst of activity in May came as a reprieve. For 20 months the market had been moving within narrow limits. Both volume and brokers were dying a slow death. Many a small commission house was running in the red. The break-out changed all that.

But it did more. It demonstrated once again the importance of the Dow theorists as a market force. The SEC study of the downside smash in September, 1946, proved that some 30 per cent of all selling then was done by Dow theorists or by people who expected Dow theorists to sell.

There are no similar figures, nor will there be, on the buying that took place in May. But every fi-

nancial commentator, reporting on the market of May 14, attributed most of the activity to the Dow theorists. Some, like Norman Stabler of the *Herald-Tribune*, chided the slavish followers of Dow for being Johnny-Come-Latelys to a bull market.

With the outbreak into higher prices, Wall Street immediately asked, "What is Tom Phelps saying?" Phelps obliged the Street with an analysis entitled "Little Dow, What Now?" which ended with the advice "Run, don't walk, to your favorite broker."

So now the stock market has something new to reckon with. The Dow theorists, by their sheer numbers, have become a major factor in the market. What influence will this active group have in the future?

Since Dow theorists tend largely to buy and sell at the same time, they create somewhat of a problem for themselves. They can't all make a profit buying from and selling to each other.

★ ★ ★ ★ ★

Bawl Street Again

MOST humorous essay in this year's *Bawl Street Journal* was editor John Straley's piece on Universal Financial Training. According to the burlesque, Defense Secretary James Forrestal was urging the U. S. to adopt universal financial training. Purpose: to train enough young bond salesmen to sell foreign bonds to the U. S. market. As a young bond salesman fresh out of the Army, Straley once sold foreign bonds himself. His

boss: that rising star of Wall Street—James Forrestal of Dillon, Read & Co.

★ ★ ★ ★ ★

Building of the Ships

WALL STREET'S first skyscraper still stands. This is the Atlantic Building at 49 Wall. Few who pass it now know that once it towered over all the downtown district, or that once from its lofty roof the white-sailed ships it guarded could be noted in their arrivals and departures.

The Atlantic Building—now dwarfed by its younger neighbors—is owned by and houses the Atlantic Mutual Insurance Company, oldest mutual marine underwriter.

Reckoned from the year 1842, when the company took the mutual form just then coming into vogue, Atlantic is 106 years old. But if it wants to stretch its age a little, it could date back to 1829 when its predecessor stock company—Atlantic Insurance—was founded.

In the clipper era, the U. S. had some 40-odd mutual marine insurance companies. They thrived because in those days American ships carried most of the world's cargoes. Naturally, both hulls and cargoes were protected by American insurance. Of all these companies, only Atlantic Mutual survives.

The company's main business floor—up a flight from the street level—is much as it was when bearded captains walked up from their ships to place their insurance directly. Now, of course, brokers and agents are the source of the company's business, and last year

gave Atlantic the highest premium volume in its history.

The company still keeps the famed "disaster books" which record the newspaper accounts of major marine catastrophes: the havoc wrought by the Confederate raiders *Alabama* and *Shenandoah*; the incredible news of the *Titanic*; the shock of the *Lusitania*; the countless wrecks that once made headlines black with grief, but which are now sunk into history.

Since 1829, Atlantic has had only eight presidents and, of these, two are still living: J. A. Bogardus, president, and William D. Winter, board chairman. Both are vigorous and youthful in outlook, and preside over a board of trustees studded with such solid names as Brown, Clark, Dodge, Morgan and Sloane.

★ ★ ★ ★ ★

They Pay and Pay

NOW WALL STREET bankers are paying for the privilege (sometimes doubtful) of risking their money to underwrite corporate issues. Latest example: Halsey, Stuart paid the New York Edison Company \$1,000 for the right to buy whatever bonds the company's shareholders didn't want. Halsey invented the technique. A few months ago it paid Public Service of Colorado for a similar privilege, wound up losing a little on the deal. But if Halsey gets only three per cent of the new \$57,382,600 Edison issue, it could get back its preparatory expenses of around \$18,000 and make as much as \$27,000, provided the market stays good.

★ ★ ★ ★ ★

Business With Father

OUTSIDE of J. P. Morgan, the Wall Street figure best known to the American public is Father of "Life with Father."

Everyone, of course, immediately connects the name Morgan with finance, whereas Father is better known for his views on Democrats (too many of 'em) than for his Wall Street career. Even the librarian of the New York Stock Exchange did not know that Father (Clarence S. Day, Sr.) had been a member of that institution.

Fact is, Clarence Day was a notable Wall Streeter. He bought his Stock Exchange seat in 1866 with \$3,000, and launched his first firm—Gwynne, Johnson & Day—in 1870.

Partner Johnson went off on his own a few years later, so it was the firm of Gwynne & Day that be-

came best known in the Street. The firm never attained any great size, nor did it participate in any of the more spectacular enterprises of its time. It served a wealthy, conservative clientele and moved serenely through booms and panics.

Father was recognized as a good judge of bonds, became a director of one of the roads later merged into the New York Central System, opened the first private wire to Chicago, and for a number of years was a governor of the Exchange.

Father retired in 1905 after five years of partnership with the literary son whose affectionate writings have endeared the senior Day to millions of readers, playgoers and movie fans. But a few persons still in Wall Street remember Father well. They recall most vividly that he wrote "like a steel engraving," expected all his clerks to do likewise, and often worked late on Saturday afternoons when everyone else had gone off for the weekend. All in character.

★ ★ ★ ★ ★

New Prexy

THE Bond Club of New York, symbol of achievement in Wall Street, has a new president who was never a bond salesman. This is George Leness, now head of the underwriting department of Merrill Lynch, Pierce, Fenner & Beane.

Leness never peddled bonds because he came into Wall Street through the buying side and stayed there. His first job was with Harris, Forbes in 1927. By then, Leness was already a marked man. He worked his way through both M.I.T. and Harvard in five years, ran the legs off all New England competition in the 880 and 440 yard dashes, was picked by the M.I.T. president to become his assistant.

He had so geared himself to activity in college that when he first started with Harris, Forbes he taught mathematics at N.Y.U. and ran the half-mile for the New York Athletic Club just to keep busy.

After cutting his eye teeth at Harris, Forbes, Leness became a familiar Wall Street figure as part of the underwriting department of The First Boston Corporation, into which Harris, Forbes had merged. He was known for his detailed knowledge of the utility systems whose bonds the firm was floating, and for a likable personality that made him a disarming negotiator.

In 1944, he went to Merrill Lynch to head that firm's underwritings. He's a little grayer now, but otherwise is still the rangy, tense, hard-running figure he was in college.

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On the Lighter Side of the Capital



Why not run a fever?

THE Senator said he is right well pleased with the way politics is warming up. The electorate, he said, preferring this word to "proletariat," which smells faintly of muzhiks, is getting hot. The day he sees good American citizens calling each other names and socking each other on street corners he will be relieved of his present fear.

"It's silly to be afraid of anything, anyway. We haven't any supermen nowadays. Not a single God-appointed Man of Destiny. Not a doggone one of us in either party who knows it all. Man, that makes me happy."

When Dr. Harold W. Dodds was in these parts recently—he was fighting too much federalism in Government—he quoted De Tocqueville's words of more than a century ago. Americans, the able Frenchman observed, took their politics hard and noisy. They marched under torchlights and black eyes spread like milk fever. But in European countries with strongly centralized governments men let the boss men do their thinking for them. They just yawn and pay taxes.

Scandal in a cornfield

A LOT of Americans, said the Senator, reminded him of Ollie James, wit, good liver, unafraid-



of-anything senator from Kentucky. He was very tall and perfectly bald. His hatless head shimmered like a semaphore. On one occasion a poolroom was raided and Mr. James plunged into a neighboring cornfield. The Law lolled in the second-story windows of the poolroom and observed the copper round of Senator James' head appear intermittently above the growing corn, as the statesman

vainly leaped to get an idea of which way to run:

"You didn't know where you was at, Ollie," the Law said when they met in court. "Haw. Haw."

"Wrong," said James. "Never a minute when I didn't know where I was. What I was a-leaping and a-bounding for was to find the way out."

Is this a true bill?

YOU would have to turn back to the decades after the Civil War, said the Senator, to find a Congress that matched the one now seated for sheer ability—

"Look 'em over: Taft, Vandenberg, Byrd, George, Martin, McCormack, Taber, Brown, Rich, and maybe a score more in either house. They stand out like silver dollars in the collection basket. Either they're mighty good on both sides of the line or else they shape up against the background of great events."

Only, he said, the Eightieth Congress, second session, is about as amusing as the "Book of Kings." The oldtimers sparkled. Ollie James, Tom Heflin, Joe Cannon, Nick Longworth—no use calling the long roll; the old boys are dead—but, while they lived, laughter kept this country sweet.

There is not much fun in a powerhouse.

Little fun for players

EVERYONE knows the presidency is a man-killing job, of course. No matter at what hour the President gets his eggs and bacon he is under pressure every minute of every day. If he makes just a little bobble the shooting starts—

"If a visitor says: 'Gee, Mr. President! It would be wonderful if you could toss my poor little country a few million dollars—'

"And the President says: 'I've never been there, but I've been told you might be really grateful for,

say, \$100,000,000 of open plumbing—"

That innocent bit of persiflage is almost enough to start a war. The other little countries want their open plumbing first.

Music in the East Room

MR. TRUMAN had a visitor who liked music. The visitor said he especially doted on the "Missouri Waltz." The President proposed to whistle it, but Secretary Charley Ross—so the story goes—forbade it.

The White House sent a Secret Service man to warn the visitor not to spill anything about the "Missouri Waltz." Why? No one knows. Maybe its top secret or something. Anyhow it is a goofy story.

And speaking of secrets—

FOR months the Army and Navy and State Department agonized to keep secret the agreement made with Iceland for a flying base. Then Senator Lodge (R., Mass.) told all about it on the floor.

Nothing happened.

One senator said he had been running through the list of top secrets which have been revealed or leaked in the past few months and there isn't one of them that could not have been printed on every first page in the world and not shattered a teacup. If some had been exposed to public scrutiny they might have been changed or jettisoned but the only damage would have been to a few personal feelings.

Two dissenting opinions

MOST of the government people from the President down are crying that the Government does not pay its best men enough money. So they get jobs in industry:

"And why not?" asks a highly anonymous employe of the Government. "That's what they should do, because industry pays the bills. Most of the bills, anyhow. Why not regard the Government as a training service in which the men who have the real stuff can work up to \$10,000 or \$12,000 a year—which is pretty sweet—and then get into production if industry thinks they are worth more?"

The Government can always get really top notch men for the bigger jobs. Billy Rose told of Bernard Baruch taking a ten-time million-



aire in hand. The man had been offered \$6,000 a year by Paul Hoffman in ECA, and complained that he couldn't afford to take it. Two minutes with the tall fellow changed his mind.

"You cannot spend your present income before you die," said Baruch.

It is to be doubted that any great industrialist ever refused to go to the Government because the salary offered was too low. Some have been so meshed in affairs that it has been literally impossible to get out. Only death will rescue them.

Dissent number two

A FORMER senator from a western state is now at the head of a flourishing law office in Washington. He is under attack by those who maintain that former members of Congress who practice law here are in fact lobbyists.

"They trade on their friendship with legislators," the critics say.

"That's all bunk," said the former senator. "My training in the Upper House is of value to me, of course. I know how things are done and the things that have been done. Therefore I can give good service to my clients. I have also been of service to the Government. But I don't trade on friendship. Neither does any other of the former congressmen, so far as I know. There's no such thing in politics."

Zip goes a nickel

ANYONE doubting that this Government is the biggest thing on earth is invited to consider this—

The Veterans Administration this year asked for \$7,900,000 for stationery. This would have printed 3,674,000,000 forms, or 200 forms for each veteran or 30 forms for each person in the United States. It also asked for 303,217,500 letterheads, at a cost of \$557,902. This would have permitted each of the employees of the VA, including elevator operators, to write 1,348 letters in fiscal 1948.

Just a by-note. In 1940 the Public Building Administration, which houses government employees, spent \$15,000,000. This year it asked for \$73,000,000.

Round and round we go

AT LEAST one magazine article is being prepared as a follow-up to

Miss Vivien Kellem's protest against spending her own money to collect the taxes her employees owe the Government. But, if she were to win her suit, the Government would have to hire hundreds of thousands more clerks to scout the tax payments and the PBA would have to provide more buildings and billions more forms and letterheads would be needed and millions more tax dollars would be collected to pay the costs.

A moment of intimacy

THE White House pup is named Feller. He is a non-cooperative and rather dumb cocker who looks with pleading in both eyes and then does whatever he had intended to do originally.

The time was morning in the White House. The visitors were women of the most intense respectability, filled with ancestry, and somewhat stern-lipped at the thought of meeting the President's wife. They were lined up one abreast and started down the long, deeply carpeted corridor to meet their hostess.

Ahead of them stumbled Feller, the cocker spaniel. He paused briefly. Then he ambled on. The head woman of the long line of well-bred dames stopped, snorted in a lady-like way and marched around a small impediment on the carpet. The long line followed her, swayed around the impediment, and entered the room where the reception was held. Feller tucked his tail and ran. Roger.

A work of necessity

JACK RABINOW of the Bureau of Standards says that his mother once determined to strike out on a new line.

"I always wanted to be an engineer," she said. "Calculate stresses and strains, you know."

She became a corsetmaker in Brooklyn and built up a good business—

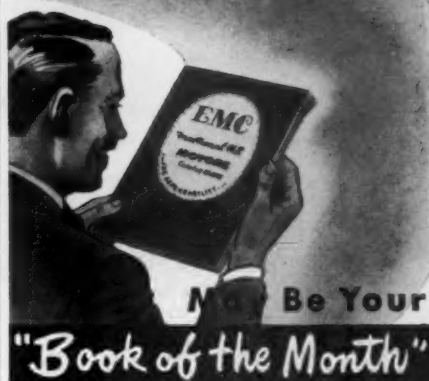
"Those big women. Massive. They had to have something to hold them together."

Those were the days of shortages and her admiring son does not even yet know how she managed to get the rubber and steel and other structural material needed in this enterprise, but he supposes the Government cooperated;

"Those massive women: couldn't let them down."



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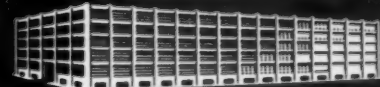
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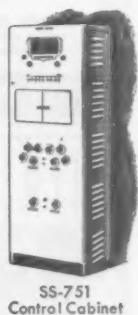
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